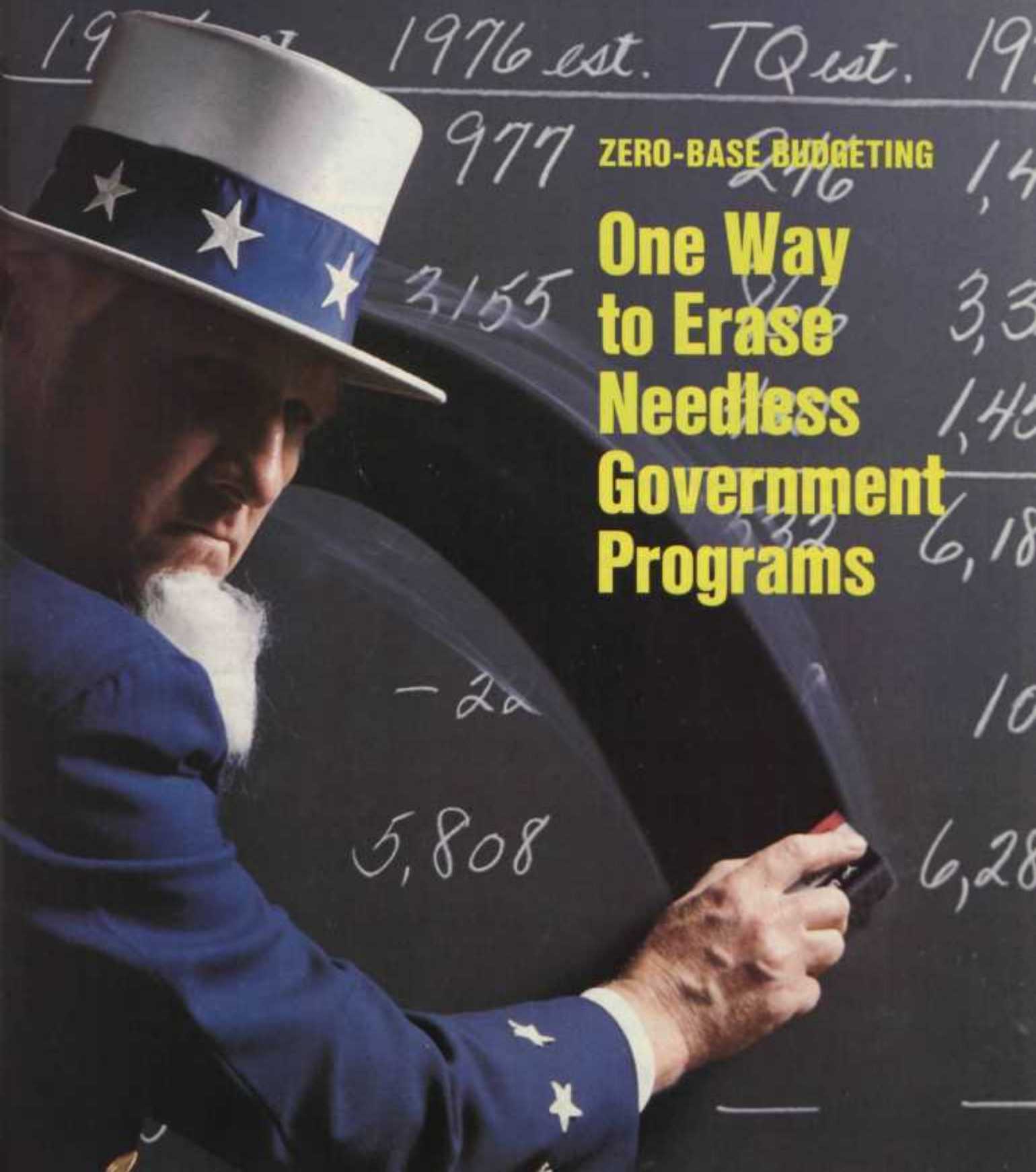


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12. What to Expect on the Move

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14. What to Expect in the Labor and Guild

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How You Can Make the Most of Your Time

Most people do not waste time, says management consultant Edwin C. Bliss.

"What they fail to do," he adds, "is use it properly."

"On the other hand, successful managers always seem to have ample time for important matters, such as planning, and they manage to stave off intrusions and activities that are nonproductive or trivial."

How do these managers do it?

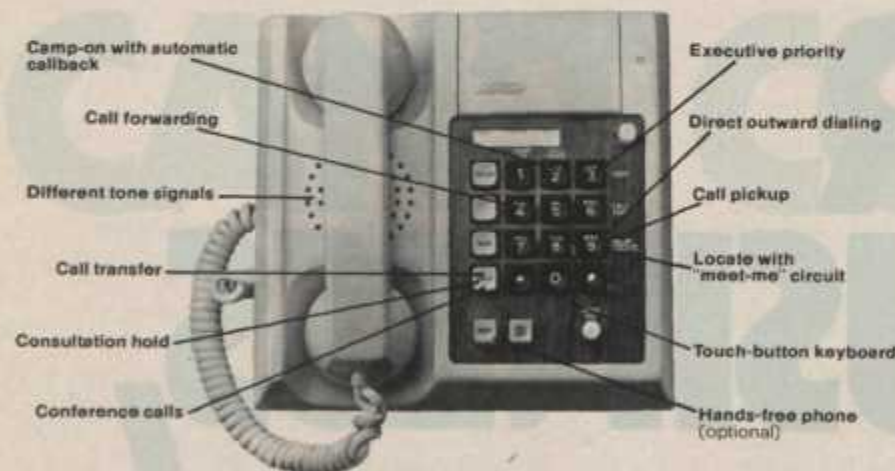
By following certain tried and true principles of time management, Mr. Bliss writes in his new book, "Getting Things Done" (Charles Scribner's Sons, New York, \$6.95).

Here is a self-quiz, which Mr. Bliss says will help tell you whether or not

you are managing your time wisely:

	Yes	No
• Do I have in writing a clearly defined set of lifetime goals?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I have a similar set of goals for the next six months?	<input type="checkbox"/>	<input type="checkbox"/>
• Have I done something today to move me closer to my lifetime or short-term goals?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I have a clear idea of what I want to accomplish during the coming week?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I try to do the most important tasks during my prime time?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I concentrate on objectives, judging myself by accomplishment instead of activity?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I set priorities according to importance, not urgency?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I delegate as much work as possible?	<input type="checkbox"/>	<input type="checkbox"/>

	Yes	No
• Do I keep subordinates from delegating upward those decisions and tasks they find difficult?	<input type="checkbox"/>	<input type="checkbox"/>
• When debating whether to file things, do I follow the principle: If in doubt, throw it out?	<input type="checkbox"/>	<input type="checkbox"/>
• When I have a choice, do I try to handle matters by phone instead of writing?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I force myself to take time to plan?	<input type="checkbox"/>	<input type="checkbox"/>
• Have I discontinued any unprofitable activities recently?	<input type="checkbox"/>	<input type="checkbox"/>
• Do I try to live in the present, instead of rehashing the past?	<input type="checkbox"/>	<input type="checkbox"/>
• Am I continually trying to form habits that will make me more effective?	<input type="checkbox"/>	<input type="checkbox"/>
• Is use of my time determined by me, not by circumstances or other people's priorities?	<input type="checkbox"/>	<input type="checkbox"/>



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Take the quiz every six months, author Bliss suggests, and if you answer no to any question, correct the deficiency.

"The price of effective use of time," he says, "is the same as the price of liberty. Eternal vigilance."

Six Keys to Hiring a Managerial Winner

Companies can find executives time after time who are winners. Discovering them, however, takes the right techniques and the patience to persevere until pay dirt is struck.

Here are six keys to successful recruiting, says J. Philip Broyles, president of Broyles Management Co., Inc., a San Francisco executive search firm:

1. Pinpoint responsibility.

Make one person responsible for the search, whether it is a corporate executive or an outside recruiter.

2. Draw a sharp profile of the manager you want.

Write out specifications that cover in detail the key functions of the job, what qualities the executive must have, and the personal background required.

3. Cast your net wide.

Search out the largest possible



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number of potential candidates. Remember, the person you want is almost certainly now employed and not answering help wanted ads.

4. Ask tough questions in the interview.

Your candidate may have 20 years of yesterdays. You cannot review them adequately in a 30-minute interview.

The interview should be longer than that and should cover the candidate's goals, his track record, his outstanding qualities, and why your firm interests him.

5. Check secondary references.

Talk to the references he gives you, but be sure to talk also to all previous bosses as well as co-workers. Do not ask for their views in writing. You will get more candid opinions in person or over the phone.

6. Push for a positive choice.

You should wind up choosing between two or three outstanding candidates. If there is only one, keep looking.

"The tunnel may seem long," says recruiter Broyles, "but at the end of it will be a winner."

**One Reason for Opening
a Swiss Bank Account**

Opening a Swiss bank account is a good hedge against inflation, one expert says.

"Inflation has become a way of life for our federal government," says James Kelder, author of "How to Open a Swiss Bank Account" (Thomas Y. Crowell Co., New York, \$9.95).

"That means the dollar has become a soft currency. It will continue to lose value compared to a hard currency like the Swiss franc."

Here is Mr. Kelder's case for putting your savings in hard (meaning shrink-resistant) money such as Switzerland's.

In late 1970, the dollar was worth 4.31 Swiss francs. So a \$1,000 deposit in a Swiss bank would have given you a balance of 4,310 Swiss francs.

Since then, the dollar has diminished in value.

On Sept. 1, 1976, the dollar was worth only 2.47 Swiss francs. So the 4,310 francs in the Swiss bank was worth \$1,744.93.

In addition, the account would have earned at least 3.5 percent interest, compounded annually. That

would have added another 438.1 francs, or \$177.36.

The total: \$1,922.29.

The same \$1,000 deposited in an American bank would still be worth \$1,000 plus interest.

Swiss bankers welcome small accounts as well as large ones.

"Many of Switzerland's most respected banks will open an account for \$100 or less," Mr. Kelder says.

Of course, there are drawbacks, such as these:

- Swiss banks pay interest on only the first 50,000 francs in a non-Swiss account.

- Nonresidents are allowed only one interest-earning account.

- The Swiss government collects a 30 percent withholding tax on all interest income. Americans, however, can get five sixths of the tax refunded.

And then, there is no Federal Deposit Insurance Corp. insurance of Swiss accounts.

**Stock Prices During
Election Years**

Stock prices tend to peak late in the year when Americans elect a President.

William X. Scheinman, of Arthur Wiesenberger & Co., Inc., makes that observation in a series of stock market studies called "Timings."

He says there has been a further tendency in the past 100 years for the market to reach important peaks during all years ending in 6.

Stock prices during all election years of this century, he adds, have persistently tended to rally from a June low to an August high.

Where does the market go from there?

"If the incumbent party loses the presidency, then the August high, which incidentally is usually lower than the January opening, tends to be the high point for the remainder of the year."

However, if the incumbent party holds on to the White House, Mr. Scheinman says, the outcome is different. Then the August high is not only typically higher than the January opening, but it is also followed by a higher year-end high.

There is no clue to what happens if Wall Street decides to break a century-old tradition.

Tight control of your business depends on what you can get your hands on fast.

The bigger you get, the tougher it is to get enough input—on target, on time—to make the tough decisions.

Could all this talk about in-house computers running "data management" systems, finally apply to *your* growing business?

You bet.

Let's start by recognizing the computer for what it is today; simply a tool to put you back in control.

For far less than you expect. It probably costs less than time-share or batch-processing, to get your hands on *ten times the data*. Without delay.

A computer to call your own doesn't have to be a big complicated deal. A General Automation Data Management system requires very little space, and very little training, to feed you critical answers anytime...even after everyone's gone home.

Talk to it. One-on-one. In English. And find out what you have, what you sold...how much you owe and are owed. Ask the computer to segment the reports to order: alpha-numerically, geographically, chronologically—any way you choose.

Sounds expensive? Too "bigtime" for *your* business? Don't knock it until you've talked to GA.

Our management systems, with a wide range of application packages, have provided economical answers for hundreds of small businesses for years. That kind of experience makes computer systems easy to get into. And even easier to use.

Because we put all the pieces together. You don't shop around for hardware...for programming to make it go. Or for service and maintenance to keep it up—now or later.

Every GA system is *complete*, from initial planning through installation. And organized to your specific needs: on-site, in-depth, by General Automation's expert partners in your locale.

You work with independent professionals we've handpicked for our team. Their solid grasp of GA computer capabilities, and familiarity with community business conditions, brings you a total data-management package that's ready to go, and ready to grow with you. And ready to put your hands back on the controls.

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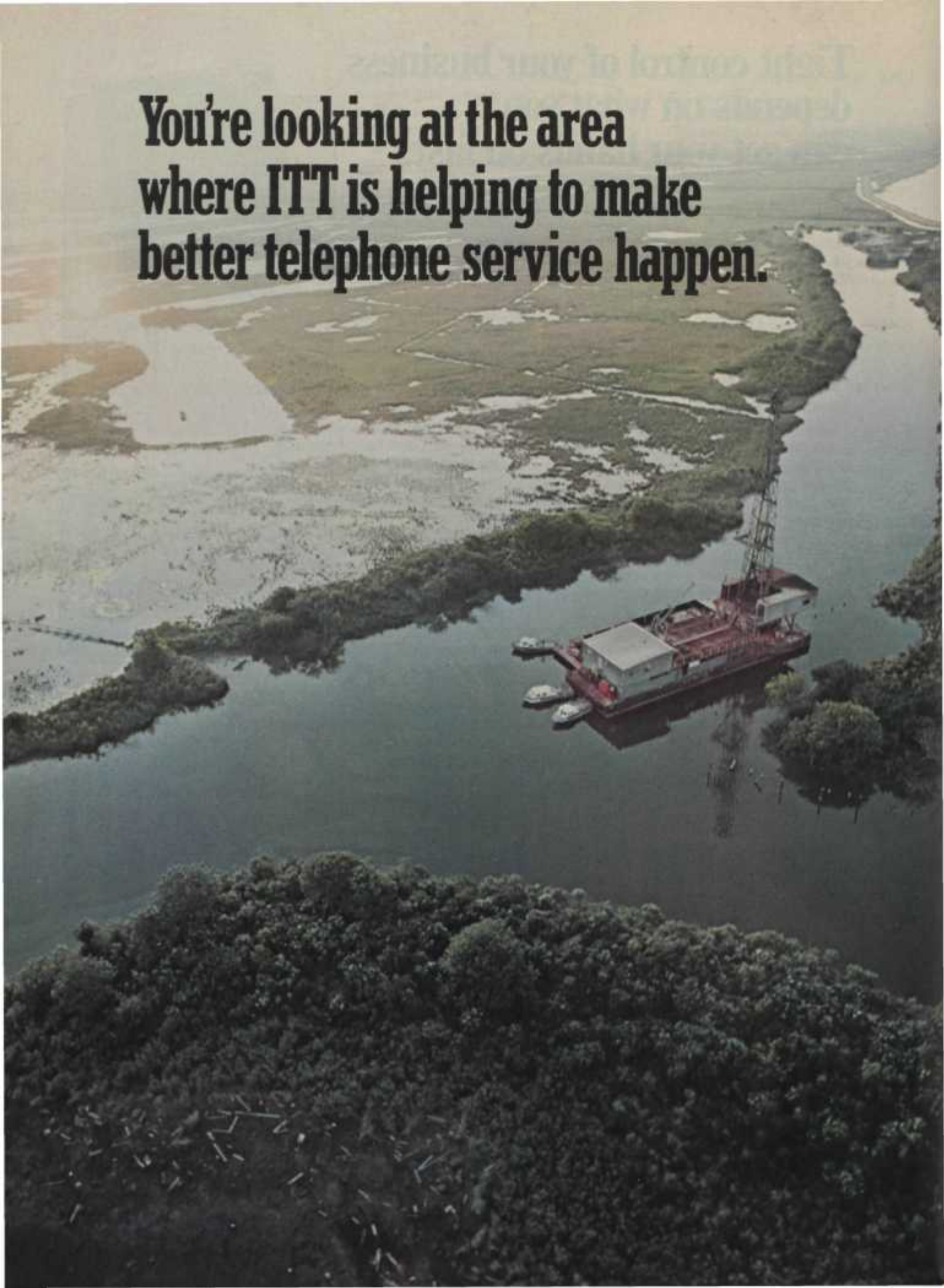
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And TCS-5 is also helping independent telephone companies keep operating costs down. Because TCS-5 takes up less space than electromechanical equipment, there's less capital outlay and overhead expenses for central office building facilities. In addition, TCS-5 requires less maintenance and supervision than electromechanical equipment. The TCS-5 system is designed to continually monitor the quality of your telephone service to assure that your calls go through.

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Help in Selling to Washington

The Commerce Department and the General Services Administration have started a program to help more businesses sell to the federal government.

More than 800 Commerce Department offices will actively seek new suppliers for GSA.

GSA will give Commerce a list of 200 to 250 specific items it needs. Generally, these will be items in common use, on which few bids have been received in recent procurement efforts, and for which the most recent contract exceeded \$50,000 in value.

The Commerce Department will announce the items on GSA's shopping list at trade seminars, procurement conferences, and in Commerce Department newsletters. The program's goals are to increase competition, cut purchase prices, and spread the federal government's buying among more firms.

GSA has listed 50 products for which suppliers are currently being sought. More products will be added to the list in January.

The products for which GSA is now in the market include: Lubricating oil for diesel-powered locomotives; warning fuses; back-pack pump outfits; synthetic enamel; gloss, thinner, and primer coatings.

Epoxy polyamide paint; kitchen utensils (electric can openers, rubber spatulas, bakers' bowls, and plates); steel strapping; document display cases; epoxy adhesives; sealing compounds; and gravity battery filler.

Ice cream scoops; wheelbarrows; dining tables; glass mirrors; metal frames; plywood boxes; mail hand-carts; polystyrene foam food trays; paper mess trays; aluminum office chairs; glass tableware (such as bowls, dishes, and cups); and cotton towels.

Feather pillows; wool blankets; graphite and colored lead pencils; thumbtacks; erasers; stencil sets; of-

fice-type staple removers; pens; metallic paper fasteners; correction paper; carbon paper; and cleated plywood boxes.

Wrapping paper; toilet tissue; paper table napkins and towels; xerographic paper; carbon paper; food handlers' paper caps; coated table and shelf cloth; and knock-down steel filing cases.

Pressure-sensitive adhesives and cellophane tape; metal swivel chair casters; crowfoot socket wrenches; blotting paper; duplicating paper; and leather dressing.

For more information, call or write to the nearest Commerce Department district office or GSA business center. •

Venture Capital for Small Firms

Changes in tax policy or securities regulation, or loans and investment guarantees by the federal government, might increase the flow of capital funds to small, technology-based firms by as much as ten percent, says the National Bureau of Standards.

However, the bureau warns that direct federal investment might only displace private funds rather than increase the total flow of capital.

This view is based on an 18-month, \$300,000 study by Charles River Associates, Cambridge, Mass., on behalf of the bureau's experimental technology incentives program.

The study found that technology-oriented firms with less than \$5 million in assets do not pay higher rates of interest on loans or higher returns to their shareholders than other small firms. Nor do venture capitalists who finance these firms earn higher profits than they could obtain by investing in stocks and bonds, the report concludes.

An estimated 400 to 600 firms are

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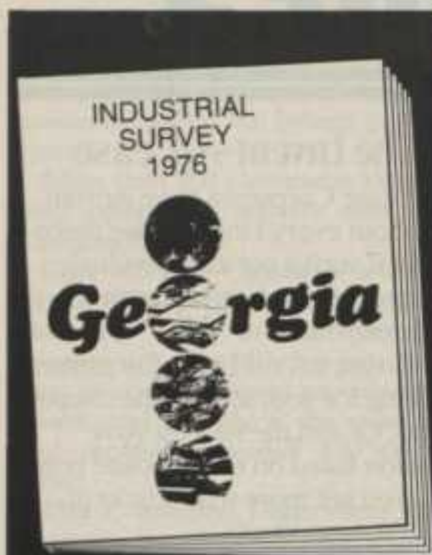
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active in the venture capital industry. These investors supplied between \$75 million and \$100 million to small technology-oriented firms in the late 1960's and early 1970's.

The study's conclusion: There are no flaws in the venture capital market that restrict the flow of funds to these small firms. •

Record Output Seen for Glass Containers

Record production is forecast for the glass packaging industry this year, with shipments expected to increase by about ten percent. Last year, the industry set a new mark by shipping 281 million gross of glass containers.

Thus, 1975 shipments amounted to about 40 billion individual containers, or nearly 19 glass containers for every American.

The overall domestic glass packaging industry has annual sales of nearly \$3 billion, says the Glass Packaging Institute. Even bottle tops and lids are big business. Sales of these items last year came to \$750 million. •

Economic Revival Increases Zinc Use

Improving economic conditions throughout the world are causing an increase in zinc production this year. The Bank of America predicts the rise will total about six percent, or 5.7 million tons.

And the bank foresees a three percent increase in consumption annually for the next decade, matched by an equal growth in capacity.

Zinc prices have not risen appreciably in the past five years because of excess capacity, the bank says. It adds, however, that rising costs of labor, raw materials, and fuel will likely cause annual price rises of around eight percent.

Seventy-five percent of the zinc produced domestically is used in galvanizing, dye casting, and the manufacture of brass alloys. The automobile industry is the largest U. S. consumer of zinc.

The Soviet Union is the world leader in production, with 960 million tons refined in 1975. The Soviets were followed by Japan, the United States, and Canada. The United States, which refines nine

percent of the world's output, is also the world's largest importer of refined zinc. Between 1968 and 1972, the U. S. lost almost one third of its zinc smelter capacity, partly because of increasingly stringent pollution controls.

World reserves of zinc ore are estimated at 235 million tons. At the present rate of consumption, this supply should meet the world's needs for the next 40 years. Some 84 million tons are located in North America, mostly in Canada; 58 million tons in Europe; 42 million tons in Asia; 21 million in Australia; 16 million in South America; and 14 million in Africa. •

U. S. Electronic Exports Top Imports

Electronic products played a stellar role in the favorable balance of payments the U. S. posted in 1975, the Electronic Industries Association says.

The association estimates that the nation imported \$4.8 billion in electronic products last year and exported \$7 billion, for a \$2.2 billion favorable balance of trade.

Imports exceeded exports by \$1.3 billion for consumer electronics and \$50.4 million for electronic parts.

Exports exceeded imports by \$2.5 billion for industrial electronics, \$565.5 million for communications equipment, \$250.8 million for solid-state electronics, and \$146.9 million for electron tubes. •

Automakers Could Cause Powdered Metal Boom

The powdered metal parts industry expects to grow at a real rate of eight percent a year, based on current technology. If predicted breakthroughs in powder metallurgy lead to greater use of powdered metals in making passenger autos, however, the industry's rate of increase could be much more rapid.

Powder metallurgy, introduced 70 years ago, is a technique for producing parts by blending metal powder and compacting the cold mixture in a precision die. Then the powder mixture is heated to bond the metal particles.

The powdered metal parts industry has an annual volume of \$250 million. Presently, automakers use

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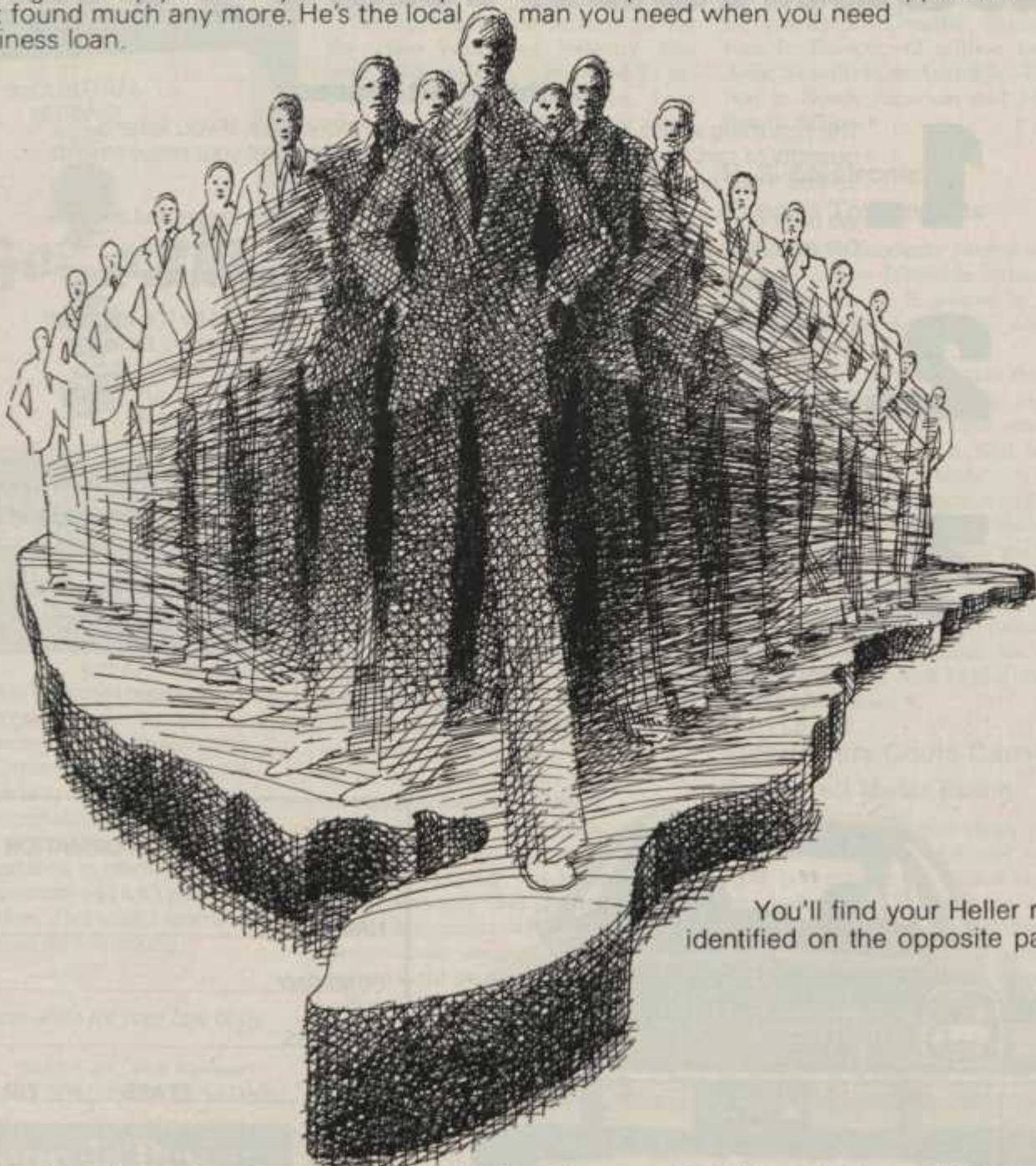
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from seven to ten pounds of parts made with powdered metal for each passenger car. That usage is predicted to double by 1980. The automotive industry currently accounts for 55 to 65 percent of annual sales of powdered metal parts.

AMSTED Industries Chairman Joseph B. Lanterman, addressing the Fifth International Powder Metallurgy Conference in Chicago, emphasized that the auto field is the highest growth area for powdered metal parts. Other markets with considerable potential for such products, he added, are aerospace, chemical, machine tool, electrical, and electronics. •

California Leads Nation in Patents

Californians received 6,213 patents last year, to lead the nation again as inventors. Residents of California accounted for 13.3 percent of all 46,603 patents awarded to Americans by the Commerce Department's Patent and Trademark Office.

Foreign inventors were awarded 25,391 U. S. patents. The Japanese led with 6,339 patents, followed by inventors from West Germany, 6,069 patents; United Kingdom, 3,061; France, 2,366; Switzerland, 1,445; and Canada, 1,329.

New York ranked second among the states with 4,468 patents granted to its residents. Next were Illinois, 3,677 patents; New Jersey, 3,721; Pennsylvania, 3,416; and Ohio, 2,934. •

To Find Out Where We Stand on Energy

How much coal, oil, or natural gas does the nation have?

It is hard to get a true picture of America's energy resources or reserves, federal officials say. The fact that not everyone uses the same terms when defining those resources adds to the difficulty.

Geologists, engineers, economists, planners, and other specialists all have developed their own definitions, the Interior Department points out. Even federal officials, it says, have used the same words for different things—and different words for the same thing.

The net result: public confusion. Now, the U. S. Geological Survey

and the U. S. Bureau of Mines have agreed to use a common set of definitions which, they hope, will clear up the muddle.

Here are some examples from their new glossary for coal:

- **Resources:** Concentrations of coal in such a form that economic extraction is currently feasible or may become so.

- **Identified resources:** Specific bodies of coal whose location, rank, quality, and quantity are known from geological evidence supported by engineering measurements.

- **Undiscovered resources:** Unspecified bodies of coal surmised to exist on the basis of broad geological knowledge and theory.

- **Reserve:** That part of the identified resources that can be economically mined.

Coming soon are definitions for oil, natural gas, and uranium supplies. •

Putting a Tag on Explosives

Explosives sold for business purposes may be chemically tagged for identification in the near future.

At the request of the Bureau of Mines, Westinghouse Electric Corp. has developed a phosphor tagging system that will allow fire investigators and law enforcement officers to identify who made the explosive, what kind it was, and in many cases, to whom it was sold.

Presently, it is difficult for officials to detect that data and thus determine whether an explosion was deliberately set or occurred accidentally—for example, as a result of the accumulation of gas.

Westinghouse says the secret of tagging the explosive lies in tiny grains of phosphors which are encapsulated in polyethylene plastic. When the manufacturer makes up a batch of a particular explosive, he could code it by adding a small amount of encapsulated phosphors.

Westinghouse tests indicate that the phosphors have a long shelf life. They can be detected by ultraviolet light devices for a considerable period of time after a detonation.

The Bureau of Mines hopes to be able to use phosphor tagging to investigate mine accidents and determine whether or not an approved type of explosive was being used in the mine. □

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The main point that came through, letter after letter, was that most people believe a lot of the things that made America what it is today will shape our future as well.

An overwhelming number of you – ninety-one percent – told us you want the family to remain our basic social unit.

Sixty-two percent feel the nation will be better off when there is no racial, sexual, or religious discrimination.

Seventy-three percent of you told us you expect a reaffirmation of religion and faith by the time of our Tricentennial.

There is a strong desire – almost two-thirds – for more individual participation in government through better communication.

Nearly three-quarters of you are in favor of a slower paced, more rural life.

What's better than statistics is the feeling that the majority of people believe that life in the future can be better than it is today. But we've always been like that. It's what's been called the American Dream.

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We didn't intend to do a scientific survey but your responses show significant insight into the problems and opportunities that face our nation. We plan to make those thoughts available in a book reflecting many of the interesting letters we've received.

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Require Federal Charters for Corporations?

THE GRANTING of charters which permit corporations to operate has been a matter of state jurisdiction throughout the history of this country.

Some critics of business assert that this should change. They argue that an individual state cannot effectively supervise corporations operating on a national or even multinational scale and that such corporations therefore are free of any effective supervision.

These critics want the federal government to assume responsibility for issuing corporate charters, particularly where larger businesses are involved, as a means of assuring that corporations act in the public interest.

Congress has been urged by the Corporate Accountability Research Group, which is part of the Ralph

Nader operation, to enact federal chartering legislation that would cover the 700 biggest American corporations.

The proposed law would specify the makeup and duties of a board of directors, detail the corporation's responsibilities to society in general and to the communities in which the company operates, and establish a so-called code of rights for rank-and-file employees.

Provisions would also be made for breaking up companies deemed too large.

Opponents of federal chartering say it is ridiculous, in view of the federal-state regulatory web now covering so many aspects of corporate activity, to contend that corporations are immune from public oversight.

These opponents also argue that federal chartering would lead to al-

most complete control of the American economic system by government regulators.

Not only would this be a major blow to freedom, they say, but the economic results would be disastrous.

What would happen, they ask, if Washington bureaucrats with little or no experience in running a business replaced experienced businessmen at the helm of major corporations?

Opponents of federal chartering say the federal government's record on managing its own affairs is a clue to the answer to that question.

The chartering issue will be an important one in the 95th Congress, which convenes in January.

Should the federal government be given authority to charter corporations?

What do you think?

PLEASE CLIP THIS FORM FOR YOUR REPLY

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Should federal charters be required for corporations?

☐ Yes ☐ No

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Seeing Value in the National Debt Ceiling

SHOULD the statutory ceiling on the national debt be abolished? By a margin of seven to one, NATION'S BUSINESS readers who responded to that "Sound Off to the Editor" question, posed in September, say no.

In theory, debate on a bill to raise the debt ceiling is an occasion for review of national fiscal policy, supposedly resulting in a decision to raise, lower, or maintain the ceiling. In practice, some members of Congress say, the debates have become a charade; the debt must be increased steadily to keep the government functioning.

Most respondents who are against



Damon La Doux, president of Coca-Cola Bottling Co. of Spirit Lake, Iowa, votes no. "Allow the government to spend only that money it raises by direct taxation," he says.

abolishing the ceiling agree that, though the process of debating and voting on it may not mean what it is supposed to mean, it does serve a useful purpose.

For example, Allan Comrie, president of United States & Foreign Securities Corp., New York, points out that periodic voting "alerts the public to the fact that Congress has previously approved spending programs that now exceed the debt ceiling."

K. Brian Amos, Sears, Roebuck & Co. manager in Wellsboro, Pa., hopes that, as a result of repeated discussion and voting on the ceiling, "some day Congress will realize the folly of its actions and the results these actions will have on our successors."

And L. E. Tirrell, vice president of American Mutual Liability Insurance Co., Wakefield, Mass., wants to

see the ceiling retained because: "This requirement has acted as a moral brake. The frequency with which the limit has been raised may prostitute the myth of fiscal responsibility, but that is better than permitting the use of blank checks to cover bankrupt programs."

Those respondents who favor abolishing the ceiling generally say that the establishment of a ceiling, with its concomitant debating and voting, has lost all meaning.

"We have reached the point of no return," says Paul C. Valentino, president of Cedarhurst Realty, Inc., Alexandria, Va. "We are talking about \$700 billion [which will be the ceiling April 1], and there is no realistic way we are going to reduce it substantially. A balanced budget may well be a thing of the past, so what is the purpose of setting a ceiling just to raise it a year later?"

Fred A. Coe, Jr., president of Burroughs Wellcome Co., Research Triangle Park, N. C., is of the opinion that the debt ceiling should be replaced by a constitutional amendment forbidding the government to spend more in any peacetime year than it takes in.

Along with many other no voters, J. M. Brown, manager of training for the carbon products division of Union Carbide Corp., Strongsville, Ohio, says we should pay off our national debt. He offers two suggestions



J. C. Hufft, assistant vice president of Coachmen Industries, Inc., Middlebury, Ind., votes yes. "This has become a perfunctory action and, as such, one of many congressional travesties," he says.

for accomplishing this: "First, reduce federal controls and eliminate agen-

cies which perpetuate the controls; second, get all government programs back to the local level, where taxpayers can more closely observe expenditures."

A number of no voters express the feeling that, to avert deficit spending, the government should be run like a business. "We cannot run our business on borrowed money and expect to return a profit to our stockholders," says G. R. Barnes, president of Interstate Truck Terminals, Inc., Tucson. "Why should our elected



G. A. Warrington, vice president of Pacific Trailways, Bend, Oregon, says the ceiling "should not only be retained, it should be controlled. Government spending should be kept within the debt ceiling."

officials be spending money they do not have?"

Don R. Kocher, headquarters account manager for Ohio Bell Telephone Co., Findlay, says Congress "should be analyzing and ranking priorities for national programs and then trimming them to the income."

John E. DeLaney, a State Farm Insurance underwriter in Louisville, feels that the issue is not so simple as to require a yes or no vote. "I believe we should consider other matters," he says. "Is the debt internal or external? How does the debt growth compare to the growth in GNP? What effect does the debt have on the economy?"

Mr. DeLaney concludes: "One of the main problems we have with senators and congressmen today is that they do not really understand economic issues. If they did, I do not believe we would see a great deal of the irresponsible legislation we have seen in the past." □

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Tax Support for Private Schools?

James J. Kilpatrick's column, "Rulings That Penalize Private Schools" [September], is one of the finest treatments I have read on tax support for nonpublic schools.

Aid of some type for private education is constitutional. The washed-out education imposed by many school districts is in itself reason for a viable alternative.

All of us, parents and business people, are suffering because the co-existence of a private system as a check and balance on public education is becoming economically hamstrung.

TOM MCGUINNESS
President
Institutional & Industrial
Food Specialists, Inc.
Lutherville, Md.

Any expression of my sentiments would only echo those of Mr. Kilpatrick. Nevertheless, I wanted to write as a parent-supporter of our local Christian elementary and high school and as a member of the board of directors of the National Union of Christian Schools.

Too often, the points made in Mr. Kilpatrick's column escape national attention. They might even be suppressed by various media. You are courageous in publishing the column, and I just wanted you to know of my support. I wish you could expand this missile into a barrage.

MATTHEW OKKEMA
Treasurer
Gerber Products Co.
Fremont, Mich.

Attitudes toward tax support of private schools might just possibly change as the public schools become more political, more unionized, more "johnny-can't-read," more racially tormented, and less disciplined.

W. M. BUESCHER
Chairman
Grass Roots Communications, Inc.
Pigeon Forge, Tenn.

I find myself in complete disagreement with Mr. Kilpatrick for one of the few times ever.

Free, government-supported public schools are available to every child in the United States. If parents choose to send their children to a private school, they should expect to pay the costs themselves.

It certainly does not seem fair to have public school funding reduced so that a chosen few children can get religious training. If the public school funding were not reduced, it would be necessary to raise taxes, and that does not seem fair either.

I believe the framers of our Constitution knew exactly what they were about when they wrote the passage quoted by Mr. Kilpatrick: "Congress shall make no law respecting an establishment of religion. . . ." Federal aid to church-related schools would be just that.

DOW DOZIER
Information Supervisor
Oklahoma Gas and Electric Co.
Oklahoma City, Okla.

It is simply impossible for the Supreme Court to separate religious from sectarian activities in a church-operated school. Religion permeates secular education in a church school—secular education is provided within a religious environment. I learned in my relations with a church school that its two main goals were secular education and religious instruction. Both functions benefit when tax money flows directly to such an institution.

DAVID L. BURUM
Pastor
First Baptist Church
Earth, Texas

continued on page 74d

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**MIKE
MANSFIELD
SPEAKS
OUT**



A Washington Insider's View of the Future

The longtime Senate majority leader sums up his thinking on courses our country should follow

WHEN MIKE MANSFIELD succeeded Lyndon Johnson as majority leader of the U. S. Senate, the prevailing attitude was that the genial, soft-spoken Montana lawmaker was not up to the rough-and-tumble demands of the job.

After all, it was said, Washington is a town where arm-twisting, not friendly persuasion, is the way you get things done. Where only the power-hungry survive. Where political leadership requires fierce partisanship.

There was a sharp contrast between Lyndon Johnson and Mike Mansfield. Mr. Johnson, an aggressive, no-holds-barred politician, had been effective at leadership in the Senate arena of clashing personalities and strong individualism. Mr. Mansfield, a former college professor, was unassuming to the point of appearing timid.

Longest in history

That was 16 years ago, and Sen. Mike Mansfield not only survived, but he served as majority leader longer than any man in history. Now, the 73-year-old Democrat is bowing out,

retiring after ten years in the House and 24 in the Senate.

Sen. Mansfield has played a key role in some of the dynamic events of an epochal era—a period in which the nation three times went to war, pierced some of the mysteries of outer space, experienced the economic shock waves of inflation as well as recession, and witnessed the assassination of one President and the unprecedented resignation of another.

Seven Presidents—from Franklin Roosevelt to Gerald Ford—have turned to the talents of this quiet Westerner to handle delicate national and international assignments. For example, President Roosevelt sent Mike Mansfield, then a freshman congressman, to China in World War II to assess the volatile China situation. Years later, Sen. Mansfield was to urge that the U. S. establish relations with the People's Republic of China.

Sen. Mansfield once delineated his total personality in this terse response to an interviewer:

"The majority leader has very little power, and what authority you have is on sufferance from your colleagues. I operate on the basis that I treat my colleagues, regardless of seniority or political differences, the way I would like to be treated. I do not desire power as such; I would like to get away from it. I would like to get by on cooperation, understanding, and mutual trust. I have no desire to be in a position to crack a whip. I do not want to tell people what to do."

Within these guidelines, the senator managed to exert great influence in Congress, at the State Department, and at the White House. He is

considered one of the most knowledgeable men in Congress in the field of foreign affairs. Long an opponent of the American military role in Vietnam, he was at the forefront of the successful fight to pass legislation which forces a President to consult with Congress before committing U. S. troops to military action abroad.

Reforming the Senate

Perhaps his greatest accomplishment—certainly one in which he takes great pride—is reform of the Senate. No longer do a handful of influential senators regularly dictate the course of major legislation. The old tradition of freshmen senators being seen and not heard has gone by the boards. Seniority no longer guarantees a committee chairmanship as it has in the past. The Senate has become a body of egalitarians.

"There are no supersenators in my book, and there are no second-rate senators," Mike Mansfield says today.

Sen. Mansfield was always very political in party matters, but his partisanship always evaporated when party politics and national interests came in conflict. If indeed he has been criticized in the conduct of the majority leadership, it has been for his lack of partisanship in areas of national importance.

It is a measure of his bipartisan nature, perhaps, that two of his favorite senators, Kentucky's John Sherman Cooper and Vermont's George Aiken—both now retired from the Senate—have been Republicans.

Another mark of the Mansfield character is that he has never seen a



"The government is too much into the regulatory field. I hope there will be a reversal of the present trend."

need to hire a press aide. Few other members of Congress, certainly not those in leadership roles, can make that statement. His reason is simple: "You don't need one unless you want to build up your ego."

Humble background

The humbleness of his youth has stayed with him. Born to Irish immigrant parents in New York City,

where his father was a porter, three-year-old Michael Joseph Mansfield was sent to live with relatives in Great Falls, Mont., when his mother died.

When he was 14, he ran away from home and, hiding his age, enlisted in the Navy in 1918. Released by the Navy after the war, he promptly joined the Army for two years and then the Marine Corps for two more.

In 1922, as an eighth grade dropout with an obscure future, he went to work as a mucker—a shoveler—in the copper mines. That might well have become Mike Mansfield's life-work, except for the fact that he met and fell in love with a young teacher named Maureen. She refused to marry him unless he got an education.

Mike worked out an arrangement with Montana State University which permitted him to get a high school equivalency diploma during his freshman year in college. He went on to earn a bachelor's degree and then a master's degree, marrying Maureen about the time he entered graduate school. For the next ten years, at his alma mater, he was a professor of Latin American and Far Eastern history and political science—subjects in which he has continued a lifelong interest.

Landslide victories

In a farewell address to the Senate recently, before leaving on a tour of the Far East, he was to say:

"In closing, I want to thank Maureen Mansfield, my wife, who with infinite patience and understanding has sustained me through these years."

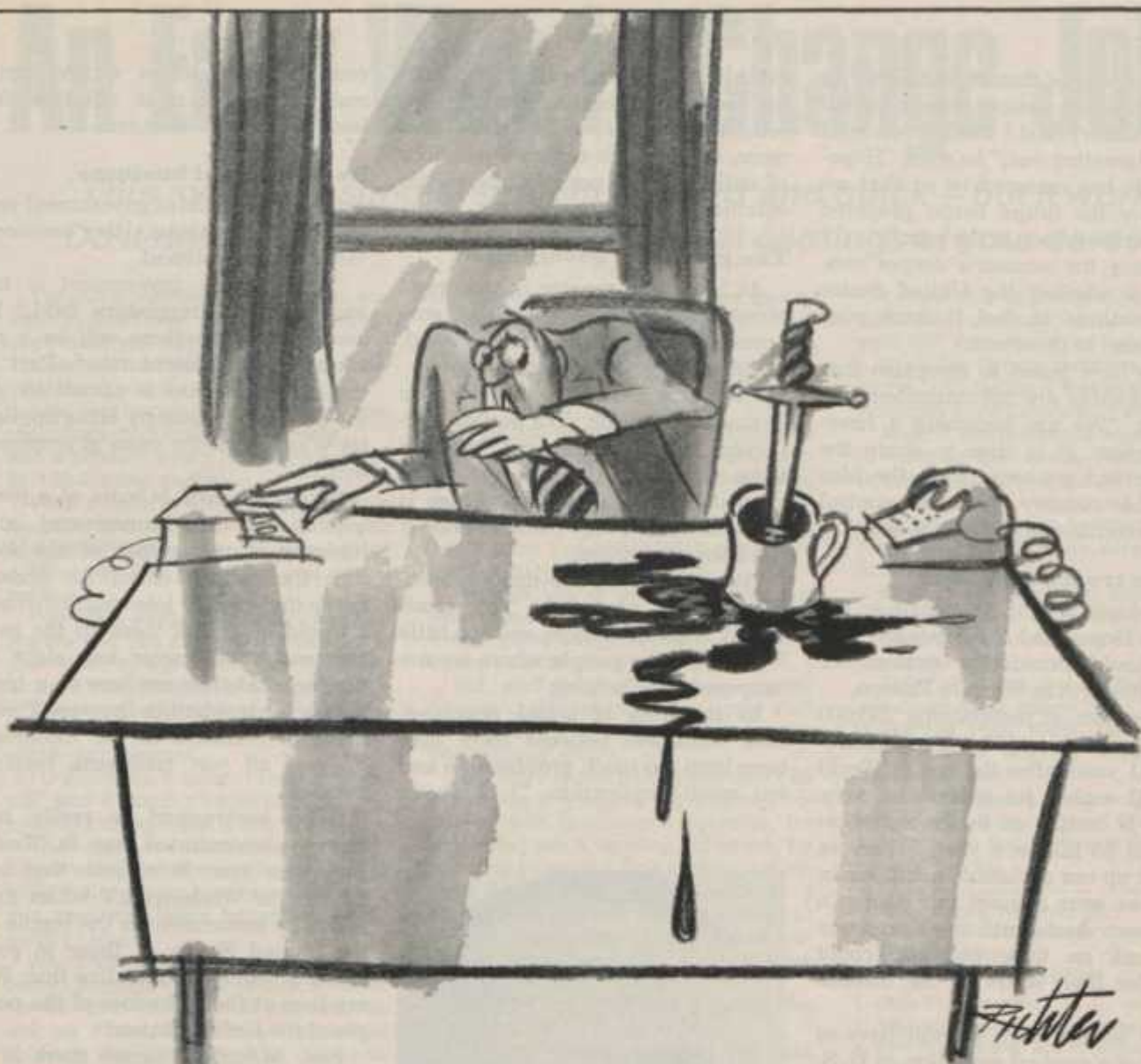
Starting with his election to the House in 1942, he placed himself before the voters of Montana ten times. With only one exception, he got more than 60 percent of the ballots each time—in other words, winning by landslides.

Mike Mansfield does not like to talk about himself, let alone his accomplishments. In fact, Mike Mansfield is not a talker—period. His "yup" and "nope" answers to reporters over the years reminded many of them of a Gary Cooper western. Once, when he appeared on television's "Meet the Press," the panel had come prepared with only 27 questions, expecting his answers would fill out the half-hour show. The panel wound up having to ask 80 questions.

Concerns for the future

Recently, in the quiet of his private office just off the Senate floor, Sen. Mansfield talked with NATION'S BUSINESS editors, reviewing the fateridden years he served in Congress and expressing his hopes and concerns about the future.

Puffing on his familiar pipe, he was



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more expansive than he ordinarily is.

"It has not been a happy period in our history, but I think it has been an invigorating one," he says. "Hopefully, it has matured us so that we can face the future better prepared than we have been in the past."

Among the senator's deeper concerns is whether the United States will continue to feel it must play policeman to the world.

"We have failed to recognize that our resources are not unlimited," he asserts. "We are becoming a have-not nation. It is time to share the burden and get away from the idea that this country alone can control all the continents and all the seas."

Fewer troops overseas?

He long sought to convince the White House and the Pentagon that we should drastically reduce our troop strength in Western Europe.

"The idea of maintaining 235,000 military personnel in Western Europe 31 years after the end of World War II makes no sense," he says. "This is costing us in the neighborhood of \$5 billion a year. When we beefed up our divisions in Europe in 1951, we were assured this was on a temporary basis until the Europeans got back on their feet and could shoulder their share of the defense effort."

The senator says we will have to consider a gradual reduction in U. S. forces in Korea—replacing ground troops with air cover—and even in Japan, where U. S. military strength has already been greatly reduced.

"All of this is a recognition that getting involved on the Asian mainland is not our cup of tea, and I am only reiterating what Gens. Ridgway, MacArthur, and Eisenhower have said," Sen. Mansfield points out.

"And as far as Europe is concerned, I am only reiterating what Gen. Eisenhower said: One division there is enough to show the flag."

"Times change. Countries are reconstituted and reconstructed and rehabilitated. The shifting of the burden should take place in the context of what we have in manpower and resources."

"Of course, somebody will say that is isolationist talk. Well, there is no possibility of isolationism ever re-occurring in this country. The world is so small; communication is too rapid. What happens is known very

quickly. So we are living in a changing world. All of these things are compressing the world more and more, making this nation a neighbor of nations in all parts of the world, whether we like it or not."

The growth of government

At home, the senator is concerned about the relentless growth of government. Is it possible, he is asked, to cut down government's size?

"Yes. It is getting too big. We have around 2.8 million civil service employees now. We can cut back on these numbers without ever firing anybody, through attrition. There is no need to fill every position once it has been established."

"We are getting too many administrators of programs. Too much money is going to them, and too little is going to the people whom we are supposed to be helping."

In the area of social programs, Sen. Mansfield believes there may have been too much proliferation and too much duplication. "I think we

could make reforms which would make programs more effective and less expensive," he says.

Regulation of business

On the question of government regulation of business, the senator's views are unequivocal.

"I think the government is too much into the regulatory field," he asserts. "I hope there will be a reversal of the present trend. Part of this overregulation is caused by all the pressure constantly being applied on Washington for more government action."

"What we need is more of a partnership between government and business, a recognition of the fact that the private enterprise system needs that kind of joint participation. I would hope that those in the government would never lose sight of the fact that they are here on a temporary basis, whether they are Presidents or members of the Congress. We are all just transients passing through."

"The government is really not what is concentrated here in Washington or even in regions that are subject to Washington's whim and will. The government is the people of the United States. If those in government would only realize this: We are here at the sufferance of the people of the United States."

Sen. Mansfield agrees there is a danger that Washington has become too inbred, that people in government have lost touch with the rest of the country.

"Does that apply to the Senate as well?" he is asked.

"Oh, yes indeed," he replies. "You can become too enamored of Washington, of your job, of your position. You get ideas about your self-importance. Most of us are lucky to be here. There are all kinds of people back in our states and districts who are better qualified to be here than we are, but they have not had the breaks. So we should not take ourselves too seriously. We are the lucky people."

No more giants?

In Mike Mansfield's quarter century in the Senate, he has served with many so-called giants of that body. Men like Walter George and Richard Russell of Georgia, Lyndon Johnson of Texas, and Everett Dirk-



"What we need is more of a partnership between government and business."

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In short, many people in the U.S. are living good lives!

At the same time, however, the great majority have no excess cash, little job security, and are frequently restless, bored with their jobs, commuting long hours, and harassed by inflation!

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Well, we found that most successful people were there because they never wasted time in dead-end situations!

What these people did was to make crucial job changes, and *parlay* their higher earnings into small fortunes!

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Do you realize that if you were to change jobs every 4 years, at an average annual increase of \$4,000, and then put the increases in the bank at 6%,—that in 20 years you'd accumulate an extra half million dollars!

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Mr. Jameson's ideas have been the subject of more than five hundred articles, ranging from 600 words in *Business Week* to 3,000 words in *Chicago Today*. This material has also been nationally advertised in leading media including *The Wall Street Journal*, *Scientific American*, *Nation's Business*, *Signature*, *The New York Times*, *Newsweek International*, *The Los Angeles Times*, *American Scientist*, *Income Opportunities*, *Time*, *Specialty Salesman*, *Success Unlimited*, *Chemist*, *Forbes*, *New York*, *The Chicago Tribune*, *True & others.*

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sen of Illinois. He thinks there will be no more such giants.

"In the first place, you do not have the time to be a giant. Everything is becoming centralized in Washington. Everybody is looking to Washington. The mail is heavy. More people are coming to Washington to see their representatives. They are making more demands. Because of easy transportation, you have to go home more often. You simply do not have the time to think as a giant. You are subject to too much pressure.

"Now, I am not saying there are no potential giants in the Senate. But because of changing circumstances, the Senate giant not only has become an endangered species, he has become a disappearing species."

Is the personality of Congress changing? The senator responds:

"I can speak for the Senate, but not the House. I have been out of the House too long. Yes, the Senate is changing, and for the better. There is no inner club directing it. There are more opportunities. Better-prepared youngsters are coming in all the time. They are more active, better informed. They are more interest-

ed in more things. And they are helping bring about these changes because they are looking at us more closely, scrutinizing us more carefully. And that is all to the good."

Congress as a whipping boy

Despite all the talk of disillusionment in government, of Vietnam and Watergate, bright young people are still running for congressional office, the senator points out.

"And they are good people," he says. "I hope they keep on coming, because if they lose interest in politics and do not participate, they have no one to blame for what occurs except themselves."

While you might think Mike Mansfield would be chagrined over the low regard in which the average American holds Congress, he is not. As he puts it:

"I don't take these polls personally, because I think it is part of the job. People have to strike out at someone when they are angry, disturbed, or disappointed. Congress has always been a whipping boy or pigeon. The President gets his share, but he is not usually the target. The target is Congress—that great amor-

phous mass—and people can raise hell with us. You know: They picture us wearing bowlers, smoking cigars, having big, fat bellies, and delving into all kinds of corruption.

"However, the real test of the Congress is not in these polls but in the individuals who represent districts and states and who have to go home and report to the people. When congressmen and senators do go home, they usually are told: 'It isn't you, Congressman, or you, Senator, it is all those other people.'"

"So there is nothing to get excited about. You get used to it. You keep trying to do the best you can, and the people you have to report to are the ones who are going to make the decision whether you are a good man or woman or a bad man or woman. That is what counts."

Explaining the exodus

More members of Congress resigned or retired in the congressional session that has just ended than in any other session. [See "Why So Many Congressmen Are Calling It Quits," NATION'S BUSINESS, June, 1976.] Not necessarily speaking for himself, Sen. Mansfield gives some

AN ASSESSMENT OF SEVEN PRESIDENTS

How Sen. Mike Mansfield views the seven Presidents with whom he served:

Franklin Roosevelt—"A man for his time. He faced the great Depression, and he had a Congress that went along with him. True, it took a war to pull us out of the Depression. But at least some good legislation was passed which prepared us for future recessions and maybe even depressions."

Harry Truman—"A man of guts and modesty. He would swing at anybody and anything. He had some difficult decisions like the atomic bombings of Japan. Despite his difficulties with Congress and the fact that he could not get much of his legislation through, he was able to get elected in his own right. He confounded the experts and proved that there was such a thing as a democratic procedure in the election of a President."

Dwight Eisenhower—"He was the father image. I felt that he could have done a lot more with his great prestige during his two terms. But as I look back, maybe he was another man for his time. During his administration, we got a respite from wars."

John Kennedy—"He was a President of great promise, but he was not in office long enough to see his programs carried out. Had he not been assassinated, he could have well been one of the great Presidents in the history of the republic."

Lyndon Johnson—"He inherited President Kennedy's programs. He pushed them through and added to them on his own. Maybe he went too far in domestic legislation. But of all the Presidents, he did most in the domestic field. His tragedies were Vietnam and the Dominican Republic, neither of which we should have become involved with."

Richard Nixon—"He will be remembered for two things—opening the People's Republic of China and Watergate."

Gerald Ford—"He is open and honest, and he knows where he stands. He has not changed much in moving from congressman to President. His views have widened somewhat, but his conservatism has remained the same. Maybe if he had had the opportunity, he might have become more flexible. All in all, a good and decent man."



Listen to what data processing experts are saying about Tiger Leasing Group:

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User problems around the world are answered with quick reaction and guaranteed results. Technical experts assure proper installation and operation of each new system.

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of the basic reasons for this exodus: "Not enough time with families. Frustrations. A recognition of the fact that the job is going to get worse rather than better. A desire to have more time to think and maybe to enjoy life. The principal reason, though, is a desire to get away from the steady day-in-and-day-out pressure."

One of Sen. Mansfield's proudest accomplishments is that he helped steer through Congress the constitutional amendment that lowered the voting age from 21 to 18. However, he says, the result has been somewhat disappointing.

"I am disappointed because these young voters have not seen fit to exercise the franchise except in limited numbers," he explains. "The whole purpose of extending the vote to them, from my point of view, was to get them out of the demonstrations, off the streets, and make them participants in the political system. In other words, give them a voice so they could collectively give direction to the affairs about which they complain from time to time."

Mike Mansfield stops puffing on his pipe and ponders one of the interviewers' questions: What do you wish for your country?

A have-not nation

He speaks more slowly.

"The days when the good Lord had His arm around our shoulder are gone. As we have become bigger, we have not necessarily become better. Our bigness, our urbanization, has created problems, social and otherwise.

"Also, we are becoming a have-not nation when it comes to some resources, and so we are dependent on others. We must remember that we are part of the world.

"We must remember, too, that we have a nuclear sword hanging over us that could really bring about an end to our civilization as we know it. This sword hangs by a thread that will become increasingly thin as more and more countries develop a capacity to create nuclear weapons.

"I hope that we have learned from the past. I hope that we have learned the lessons that the founding fathers

laid down in the Constitution and in the Bill of Rights. I hope that we will become less cynical, less materialistic, more understanding. I hope that we will develop a tolerance of one another's views. I hope that we will try to listen to the other fellow, because he may be right.

"I hope we will recognize that what this nation needs is a continuation of the two major political parties and that both parties should always be on trial, because neither the Republicans nor the Democrats have a monopoly on virtue or villainy. We both have good and bad elements among us.

"I hope that many more of our people participate in the election process than has been the case. Out of this could come a desire on the part of the people who are now horrified at the thought of entering politics to participate, to run for office, and to do what they can for their country.

"So, all in all, I would hope for a revival of idealism and of love—if you can call it that—for each other." □



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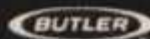
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For 1977 some car makers narrower, lighter full-size cars.



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The trimmer, sportier LTD II at a trimmer price.

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will offer you only shorter, Ford has a better idea. Choice:

Ford LTD. The full-size car that kept its size.

This year some car makers are making their full-size cars smaller. But Ford believes that people who want the traditional full-size car they're used to should have that choice. So the 1977 Ford LTD hasn't been reduced by a single inch!

You'll find Ford LTD has a longer wheelbase than cars like the down-sized Olds 98 and Buick Electra and about the same size wheelbase as Cadillac de Ville.

And Ford LTD now has a longer wheelbase than Chevrolets (both Caprice and Impala) which have come down to the same wheelbase as the mid-size Chevelle.

Ride, room and trunkspace—unchanged

Ford LTD has retained its traditional smooth, quiet ride. Interior spaciousness, deep-well trunk, road-hugging performance, long wheelbase and 3½-ton rated towing

capacity (with optional trailer towing package) are all unchanged. Keep all this in mind when you go shopping for a new car this year.

Will "down-sized" cars have "down-sized" prices?

As this magazine goes to press, 1977 prices are not available. When they are, compare LTD's price to its down-sized competitors. Compare with test drives. What you may really want is the quiet ride and

roominess of Ford's full-size 6-passenger car, the 1977 Ford LTD.

SIZE COMPARISONS

Cars with full-size wheelbase

4-DOOR MODELS	1977	1976
Ford LTD	121.0"	121.0"
Cadillac de Ville	121.5"	130.0"

Cars with mid-size wheelbase

Ford LTD II	118.0"	—
Caprice	116.0"	121.5"
Impala	116.0"	121.5"
Chevelle	116.0"	116.0"



Ford LTD Country Squire: the full-size wagon that kept its size.

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A new idea that's a better idea

Ford's new quiet-riding LTD II combines LTD's traditional high-level of workmanship with a unique sporty spirit that's all its own. The result: a comfortable new car that's trimmer in size and price than LTD.

A new kind of value

Ford will price LTD II to strongly challenge all competitors. So as soon as 1977 prices are announced, compare LTD II value not only with other mid-size cars, but even with GM's cut down "full-size" cars.

And you should know that all



LTD II Squire. A trimmer wagon at a trimmer price.

Sporty, trim LTD II Brougham 2-door.

LTD II and Ford LTD 1977 prices include V-8, automatic transmission, power steering, power front disc brakes, steel-belted radials, Dura-Spark Ignition system, and more.

Shop where you get a choice

Full size or trim size? Some car makers won't give you this choice of car sizes in 1977. But Ford will: full-size Ford LTD or trim-size LTD II.

So this year, before you decide on the car size that's best for you and your family, take a comparison test drive. And compare prices at a dealer who offers you a choice: your local Ford Dealer.



When America needs a better idea, Ford puts it on wheels.

A SALUTE
TO AMERICAN CITIES:

INDIANAPOLIS

Getting Back on the Move

THERE ARE a number of ways to revive a big city so that it will be attractive both for the citizenry and for companies that want to move in or expand operations there.

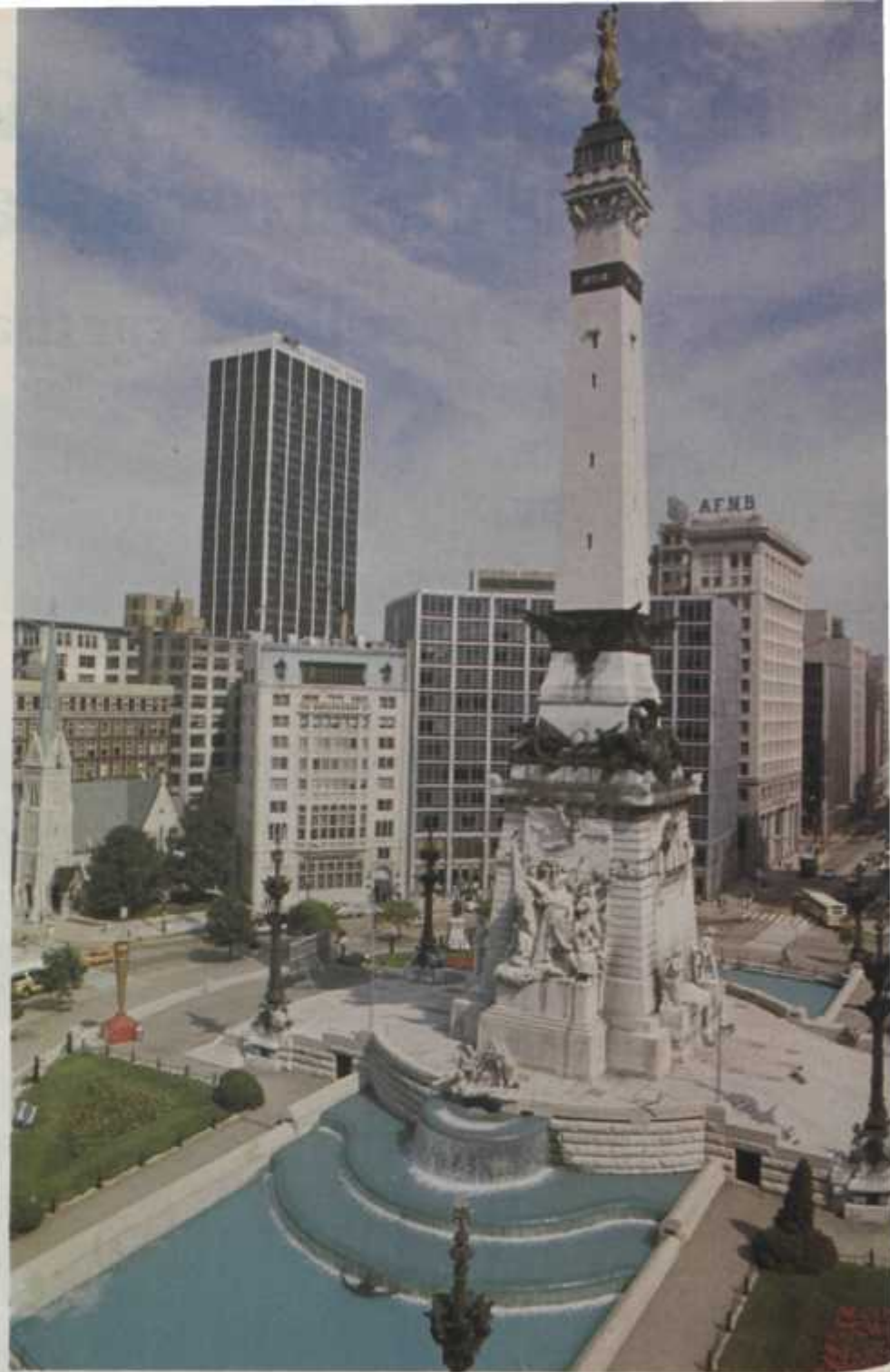
In Indianapolis, leaders in business, labor, politics, and citizens groups took a surefire approach. They combined the best features of several revival programs.

Their city had lost much of its momentum in the 1950's while other cities made progress, Indianapolis leaders say. Now, the city is strongly on the move.

In a comparatively brief period, Indianapolis leaders:

- Established a high degree of rapport between city government, business, and citizens.
- Gave the economy more balance by persuading companies in a variety of industries to locate in the city and surrounding areas.
- Inaugurated a labor-management cooperation program called Top Notch, which is credited with diminishing the incidence of strikes and other forms of labor strife.

In a city such as Indianapolis, with a population of 778,000 spread



Indianapolis revolves around the landmark Soldiers and Sailors Monument. Spoke-like streets go off to the north, south, east, and west. The monument and fountains at its base provide welcome open space and scenic beauty in the busy city's center.

over 380 square miles, there is the danger of slighting a number of people when a list of city rebuilders is laid out.

However, here are citizens who have made major contributions:

William H. Hudnut III, present mayor; Richard G. Lugar, immediate past mayor, who served for eight years; Boris E. Meditch, food whole-

saler and chairman of the Indianapolis Chamber of Commerce; Fred C. Tucker, Jr., real estate man and developer; J. Fred Risk, former banker and still a force in financial affairs; Thomas W. Binford, banker; Frank E. McKinney, Jr., banker; Richard B. DeMars, general contractor and former chamber president; Dr. Frank P. Lloyd, Jr., black physician who

has worked on planning boards and in civil rights; Otto N. Frenzel III, banker; Mrs. Howard J. Lacy II, businesswoman; and several officials of Indiana Bell Telephone Co.

Lessons for other cities

Leaders in Indianapolis say the exact date which produced the decision to grab the city by its bootstraps and pull upward cannot be pinpointed.

However, there was a series of accomplishments in the 1960's which can be advantageously studied by cities trying to hurry their own progress.

Among those accomplishments was persuading the federal government to bring more interstate highways through the area. Indianapolis is now No. 1 in the nation in number of interstate highway converging points. Twelve major national highways, including seven interstates, funnel into the city, making Indianapolis a superb road transportation and distribution center.

Not that being a transportation hub is anything new for Indianapolis. The city was launched as a settlement in 1820, four years after Indiana entered the Union, when George Pogue and his family built a cabin among the Delaware Indians. Within a year, Indianapolis was selected as the state capital site. Then came trails, roads, railroads, airlines, and finally interstates.

The city has had a useful airport since the 1920's. But in the 1960's, the decision was made to turn it into a glistening affair with a new terminal building, new and longer runways, and new cargo and repair facilities. This reinforced the city's position as a Midwest hub.

During the late 1960's and early 1970's, transportation within the city was perked up with new bus lines, hundreds of new buses, and coordination of bus transit in a metro system.

First new hotel

Another boost for the city was construction of its first new hotel in many years, the Hilton. The Hilton was begun in 1967. Next spring, it will be joined by a 500-room Hyatt Regency, located in the still-abund-

ing Merchants Plaza in the heart of the city. Several other large hotels are planned.

The three largest banks in the city—American Fletcher National, Indiana National, and Merchants National—cooperated right from the beginning of the revival period in making loans to individuals and companies for improvements and expansion.

Downtown activity also has increased thanks to the State of Indiana. The handsome capitol building is only a few hundred yards from the giant Soldiers and Sailors Monument, a war memorial which is the heart of the city and has long been the city's symbol. The state has added several buildings to its capitol complex.

Of key importance to the city was the decision of the big, homegrown pharmaceutical firm of Eli Lilly and Co. not to move to the suburbs. Instead, Lilly stayed and expanded in its longtime location on the edge of the downtown area. There is agreement that if Lilly—celebrating its centennial this year—had decided to cut and run for the suburbs, the plug would have been pulled on downtown Indianapolis. A lifeless center city might well have resulted.

Green amid the asphalt

Lilly has mixed in beautiful park areas among its office, research, and production buildings. Speaking of parks, Indianapolis has put in green areas as close to the downtown area as feasible. These give the city breathing room and the citizens something to look at besides masonry, steel, glass, and asphalt.

One downtown park has 50 flagpoles with a state flag flying from each. Photoelectric cells control the handsome, colorful display, and when there is the proper amount of daylight in the morning, the flags are automatically sent up the poles. When daylight dims, the flags descend into containers at the foot of the poles.

It is an eerie sight, seeing all those flags suddenly start up or come down the poles without a human being in evidence.

Adding to the attractiveness of downtown Indianapolis is its cleanli-

ness compared to downtowns in some other cities. One big reason for this cleanliness is a program called Clean and Green, which is funded by merchants, banks, and property owners.

"We bought the cleaning equipment and hired cleaning people to clean downtown streets and sidewalks every night," says P. Gerald Mills, president of L. S. Ayres & Co., a large department store. "These workers are in addition to city cleaners. The program has created pride, and because the place looks cleaner, people are not so inclined to drop trash."

A problem area

Though Indianapolis today has a vibrant downtown, the city also has a problem area, an area shaped like a doughnut. Encircling the downtown is a thick belt of land where housing and businesses are in need of refurbishing and revival. Then, beyond this seedy section, are clean and bright city living areas and the suburbs.

With downtown on the upturn, the city fathers nearly ten years ago decided to locate an 18,000-seat indoor arena only four blocks from the Soldiers and Sailors Monument. Night sports contests in the Market Square Arena primarily are basketball, a great favorite, and ice hockey.

A bit farther from the center of the city is a huge educational complex. It belongs to a new institution which currently has about 18,000 students and in a few years will have 40,000. The school is now called Indiana University-Purdue University in Indianapolis, usually boiled down to I. U. P. U. I. Eventually, the school will probably be renamed Indianapolis University. A people mover—a small, elevated railway—is planned for the crowded area.

Nearby is one of the nation's largest medical complexes. It includes the huge Indiana University Medical School, hospitals, clinics, physicians' offices, and schools of nursing and dentistry.

Unified government

Unquestionably, one of the most important events in the city's history was the establishment in 1970 of Unified government, which made the corpo-



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rate limits of the city of Indianapolis coexistent with those of surrounding Marion County, except for four towns. This was in Mayor Lugar's stewardship at city hall, and it has been most successful.

Living under Unigovernment are two thirds of the 1,150,000 population of the Indianapolis metropolitan area.

The metro area includes seven counties in addition to Marion.

"Unigovernment is not a complete takeover by the city of all Marion County functions," says Mayor Hudnut. "But it has reduced county and city government departments from 26 to six, it has broadened our tax base, and it has brought into the taxable area desirable people who now participate in government.

"We have a city council of 29 members, 25 of whom represent districts and only four of whom are members at large. This gives distinct representation to 25 areas, making their council members responsible for their own people and districts. Not all functions of city and county government are included in Unigovernment. For example, schools are still the responsibilities of separate school districts.

"I can recommend Unigovernment to many other areas."

Keys to progress

Mayor Hudnut, who stands six feet six inches, is a politician whose career has included quite a variety of nonpolitical functions. A Phi Beta Kappa at Princeton, he became a Presbyterian minister who had churches in Indianapolis, Buffalo, Annapolis, and New York. He has been a college professor of political science, a management consultant for employee relations at several large companies, and a public affairs specialist. Before becoming mayor a year ago, Mr. Hudnut, a Republican, was a member of the House of Representatives in Washington for two years.

As many others do, Mayor Hudnut says the key to the city's success in making progress has been cooperation between business, labor, and local government.

Chamber Chairman Meditch cites some other factors. "Mr. Hudnut followed Mr. Lugar, a fellow Republican, in the mayor's chair, and this has given Indianapolis nine years of



Frank E. McKinney, Jr., heads the American Fletcher National Bank, which has financed several large Indianapolis area construction projects. Mr. McKinney is a former Olympic swimmer. His father served as Democratic Party national chairman.

continuity, similar thinking, and good government," Mr. Meditch says. "Continuity is something every city needs.

"We also have had—partially due to Mayors Lugar and Hudnut and also to the chamber's own continuity in leadership—much involvement of business and professional people on a voluntary basis. This had much to do with bringing along our new airport." He points out that "you can drive out to the airport from downtown Indianapolis in 15 minutes, even in traffic. And, there is plenty of surrounding land out there for future use."

Labor peace

Samuel "Jack" Muir is business representative of the International Association of Bridge, Structural, & Ornamental Iron Workers union. He and Indianapolis businessmen give the Top Notch program credit for creating labor peace in the construction industry in a 30-county central Indiana area.

A collection of unions, contractor groups, and supplier companies agreed in 1975 to a memorandum of understanding which pledges more efficiency by all concerned; no slowdowns, picketing, or strikes to settle



Fred C. Tucker, Jr., has been a prime force in downtown Indianapolis projects. He was among business leaders who years ago decided to make a strong effort to revive the city. Mr. Tucker heads a real estate and development firm that bears his name.

jurisdictional disputes; and elimination of standby crews and other costly work requirements.

The plan has operated exceedingly well. It has benefited both business and labor, because labor peace can be a spur to construction contracts—and therefore to jobs. For example, several large plants plan to move to the Indianapolis area in preference to other Midwest areas because they know their construction will be completed on time and within cost projections.

Low unemployment

The atmosphere of peace and cooperation has permeated other business-labor relations also, to the betterment of all.

"We consider the contractors to be our friends, not our enemies," Mr. Muir says. "They are our employers. They accepted our constructive criticisms, and we accepted theirs. We hold three monthly joint meetings, and better work and relations are the result."

One contractors' representative from Michigan who works the Indianapolis area estimates that Top Notch reduces construction costs from 8½ to 12 percent on most jobs. Meanwhile, unemployment in Indi-



Dr. Harold M. Wisely, executive vice president of Eli Lilly and Co., which has been an Indianapolis fixture for 100 years, believes the revived center of the city is now safe from decay. He praises major firms which did not move to the suburbs a few years ago.

The 39th mayor of Indianapolis, William H. Hudnut III, says other cities should consider unifying city and county governments as Indianapolis has. Unigovernment, he says, has improved services and saved taxpayers money. Mr. Hudnut is shown here in the 18,000-seat Market Square Arena.



Indianapolis is 4.5 percent, well under the national average.

Diversified industry

Indianapolis once was virtually a two-industry town—automobiles and pharmaceuticals. Both these industries still loom large on the scene. In the auto manufacturing field, where Indianapolis outranked Detroit at the turn of the century, a General Motors truck engine and transmission division employs 13,000 workers. In pharmaceuticals, Eli Lilly and Co. employs 9,000. But more than a score of other companies each employ well in excess of 1,000 workers.

There are large installations in the fields of electronics, transportation, chemicals, banking, insurance, wholesaling, communications, and foods. The city and state governments are also important employers.

A policy at Lilly, which is matched at several other firms, points up the cooperation between business and the community. Dr. Harold M. Wisely, an executive vice president at Lilly, says his company frequently lends executives and technicians for extended periods to work full-time for city betterment of one kind or another. Lilly continues paying salaries to these employees.

Lilly and other firms also work

closely in many ways with I. U. P. U. I. and other educational institutions in the area such as Butler University and Indiana Central, Marian, and Lincoln colleges. The Lilly family has established a large endowment program which aids education, a collection of Indianapolis museums, and religious efforts.

Good race relations

About 17 percent of the population in the Unigovernment area is black. Indianapolis has enjoyed good race relations. There were no major riots or burnings in the turbulent 1960's, as there were in other cities.

"The people here are mature in race relations," says John P. Kelly, a black who is president of the Midwest National Bank, which is largely owned and patronized by blacks. "The relationship is like a marriage that may not be ideal, but in which the principals are still talking to each other. Our black leadership is very good. It includes lawyers, doctors, religious people, business people. There are some firebrands, but they are not in control."

Such a racial situation is a welcome change from the past in a city that was a major center of Ku Klux Klan activity as recently as 25 years ago.



As chairman and chief executive officer of Lacy Diversified Industries, Mrs. Howard Lacy II is one of her city's foremost business executives. She gives almost as much time to varied community efforts as to her business. Here, she is in front of the Museum of Art.



John P. Kelly, president of the Midwest National Bank, was not sure that he would like Indianapolis when he moved there from New York a few years ago. Now, he is sold on the city. And his bank, which is largely patronized by blacks, is thriving.



Boris E. Meditch, chairman of the Indianapolis Chamber of Commerce, says that "a great community effort" has been responsible for his city's comeback from the doldrums. He notes that hundreds of volunteers have contributed to the comeback effort.

The staff at Midwest National is split about 50-50 between blacks and whites, giving rise to the bank's frequently heard nickname—the Salt and Pepper Bank. The institution, three years old, has enjoyed great success. Mr. Kelly came from New York to take his Midwest job, and he has never been one bit sorry.

"We hardly knew there was a recession going on a couple of years ago," Mr. Kelly says in his bank, which is located a half block from the Soldiers and Sailors Monument. "Few customers mentioned the recession then, and about the only ill effects we noted was that our consumer-type loan activities did not increase."

The Indy 500

Outside the world of business and politics, the city is best-known for a sports event every spring, the famed Indianapolis 500-mile auto race. The race is held in the old Indianapolis Speedway, not far from the downtown, and draws thousands upon thousands of spectators from many places.

The city has a collection of museums devoted to decorative arts, children, history, archaeology, and astronomy. Among famous people who have lived in Indianapolis, and

whose homes still stand, are poet James Whitcomb Riley; author Booth Tarkington; Harry C. Stutz, automobile pioneer who designed the rakish and expensive Stutz Bearcat; President Benjamin Harrison; and Charles Warren Fairbanks, vice president under Teddy Roosevelt for whom Fairbanks, Alaska, was named.

Minus factors

A dark spot for Indianapolis was a strange set of police corruption charges and investigations of two years ago. There have been no convictions, but there have been resignations and other upheavals on the police force. "The Indianapolis Star" won a 1974 Pulitzer Prize for its investigatory efforts.

While the Top Notch labor peace program, plus a good industrial base, good workers, and an excellent location help bring industries into Indianapolis, many claim an inventory tax drives industry out of Indiana. High taxes are levied on retail and wholesale items in stock at warehouses and in stores.

Another factor cited as retarding economic development is that the Indiana constitution will not permit issuance of general obligation bonds. Funds must be raised through taxation. In many other states, much funding would come through bonds.

Despite drawbacks, Indianapolis prospers. Nothing proves this so well as a trip through the lush suburbs of North and South Harbor, Avalon Hills, The Crow's Nest, and Meridian Hills. There is boating on an old canal running through the area and into Indianapolis. Farther out is College Park, a large business development bankrolled by College Life Insurance Co., a native Indianapolis company. The park has three large pyramid-shaped, glass-sided office buildings. They are so unusual that they threaten to replace the Soldiers and Sailors Monument as the symbol of Indianapolis.

If there is any question that there is a lot of money in Indianapolis, a quick run to nearby Zionsville ends doubts. Zionsville is a town of less than 5,000, but the Rolls-Royce agency there sells every car it can get its hands on—for prices up to nearly \$100,000 per car.

The Rolls agency in little Zionsville is one of the best in the world for the luxury auto manufacturer. □



Iron Workers union leader Samuel "Jack" Muir says that both owners and workers have profited from a long period of management-labor cooperation in the construction industry in central Indiana. He sees nothing on the horizon to change the spirit of cooperation.

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Supplies and materials					
Equipment					
SELECTED WORKLOAD DATA:					
	1974 act.	1975 act.	1976 est.	TQ est.	1977 est.
Administrative law judge activities:					
Cases pending, beginning of year	447	821	952	962	962
Cases received	2,694	3,361	3,500	875	3,990
Cases dispositions:					
Prior to assignment to judge	476	786	875	218	975
After assignment but without hearing	736	1,545	1,706	440	1,989
Heard and decided by judge	782	899	909	217	936
Commission review activities:					
Cases pending, beginning of year	252	395	466	466	466
Cases called for review	315	369	419	94	377
Cases decided	174	298	419	94	610
Program and Financing (in thousands of dollars)					
Program by activities:	1975	1976	1977 est.	1978 est.	1979 est.
Outlay (facilities and equipment) for:					
Fossil energy development			55,220		
Solar energy development			18,200		
Geothermal energy development			1,500		
Conservation research and development			7,000		
Fusion power research and development:					
(a) Magnetic fusion			23,100		
(b) Laser fusion			29,600		
Fuel cycle research and development			15,800		
Fission power reactor development			59,452		
Environmental research and safety:					
(a) Biomedical and environmental research			19,118		
(b) Operational safety			1,000		
(c) Environmental control technology			560		
High energy physics			52,800		
Basic energy sciences			43,700		
Nuclear materials security and safeguards			2,400		
Naval reactor development			8,600		
Space nuclear systems			3,200		
Uranium enrichment activities:					
(a) Uranium enrichment	195		525	529,393	
(b) Advanced isotope separation technology	2,900		800	7,000	
Direct program:					
1. Commissioners	1,354	1,421	356	1,428	
2. Broadcast	9,486	10,067	2,513	10,158	
3. Common carrier	6,187	7,038	1,748	7,025	
4. Safety					
5. Field operations					
Research					
ations					
able television					
port					
direct					
am:					
radio services	33	32	8		
	30	34	8		

Zero-Base Budgeting:

One Way to Erase Needless Government Programs

DURING a congressional debate over an appropriation for one of those government programs that seem to go on and on without ever bearing fruit, an irate opponent of the program leaped to his feet. Anyone seeking the secret of perpetual life, he snapped, "should come to Congress and study government activities like this one."

The implied sentiment that something should be done about the number of government spending programs has been spreading.

While the idea of curbing federal expenditures has often been given lip service in past political campaigns, it was given special promi-

nence in this year's presidential race. Both Gerald Ford and Jimmy Carter proclaimed that no federal program is automatically entitled to live forever.

Far-reaching proposal

Many members of Congress, executive branch officials, and ordinary citizens agree. They say that too many government programs are failures but nevertheless keep consuming more of the taxpayers' money. In other cases, programs are cited as being obsolete or ineffective although they may once have been sound.

Frequently placed in one or the other of these categories are federal

programs in the fields of welfare, regulation of business, public housing, education, health care, job creation, and agriculture prices, among others.

The new Congress which meets in January will deal with a far-reaching proposal to come to grips with this issue of perpetual life for federal programs.

Proposed is adoption of a technique known as zero-base budgeting. Under this technique, also known as the sunset approach, government agencies would be forced at fixed intervals to justify their existence to Congress.

Each agency would come to Capitol Hill without a single dollar of appropriations guaranteed—hence, the name zero-base. If an agency did not justify its existence, the sun would set on that agency. The agency, or at least some of its programs, would be abolished.

Advocated by business

The business community has long advocated the zero-base approach as a highly effective tool for taking a hard look at what taxpayers are, or are not, getting for their money.

Opponents of zero-base budgeting do not quarrel with the idea that there should be reviews of federal programs. The opponents contend, however, that the present appropriations process gives Congress ample opportunity to appraise ongoing government activities.

As it is now, most federal agencies come before Congress at budget time safe in the assumption that continuation of their programs is assured and that the principal question to be resolved is how much the new appropriations will be. The assumption is so ingrained, in fact, that more than three quarters of federal spending is now officially referred to as uncontrollable. The fiscal 1977 budget totals \$413 billion.

Landmark report

In a landmark, unanimous report approving a zero-base budgeting bill earlier this year, the Senate Committee on Government Operations commented:

"It is necessary to challenge the traditional assumption of budgeting—because a program was funded last year, it deserves to be funded this year at the same or higher level.

"The zero-base review concept... has a very different assumption as its foundation—that programs are not entitled automatically to continued funding once they are created; rather, that a case must be made for continued funding.

"Depending on how well that case is made, programs can be funded at the current level or at lower or higher levels; or revised to reflect the findings of the zero-base review.

"If they fail to meet the test for reauthorization, they will be terminated."

The key element in zero-base budgeting legislation is a requirement

**"As it is
now, most
federal agencies
come before Congress
at budget time safe in
the assumption that
continuation of
their programs
is assured."**

that all federal programs come under the review procedure over a fixed cycle.

Regardless of size

As the Senate committee put it, any program which is not reauthorized by the Congress would be terminated "regardless of its size or importance."

The law establishing zero-base budgeting would set up an initial 1979-83 cycle for considering each individual program.

Programs would be reviewed by broad functions, such as education, energy, health, manpower—rather than by specific activities. This would permit a big-picture policy examination, rather than a one-by-one review of related programs that are under consideration by different congressional committees. Dealing with programs on a broad policy basis would also help weed out dupli-

cate efforts. In addition, the Senate committee pointed out, the review would enable Congress to determine whether an individual program is working as intended.

OSHA as an example

The committee selected the Occupational Safety and Health Administration, one of the most controversial of all government agencies as far as businessmen are concerned, to show how a zero-base budget review would be conducted.

Under the proposed termination schedule, OSHA's legal authorization would expire on Sept. 30, 1981, and each fifth year thereafter.

The Senate Labor and Public Welfare Committee, which has jurisdiction over OSHA, would submit to the full Senate by April 1, 1980, a detailed plan for a zero-base review of the agency. The plan would include:

- The priority the committee gives to OSHA programs in comparison with other programs coming up for review at the same time.
- The criteria and standards to be employed in the scrutiny of OSHA.
- The information, reports, and analyses the committee wants from Congress's support agencies—the General Accounting Office, the Congressional Budget Office, the Congressional Research Service, and the Office of Technology Assessment.
- The scope and detail of a report the Labor Department would have to submit on the OSHA program by Dec. 1, 1980.

In accordance with the plan it had previously filed with the Senate, the labor committee would complete its zero-base review by May 15, 1981.

Congress's options

Congress would then have various options with regard to OSHA. It could:

- Simply reenact the authorization for OSHA, with a five-year cutoff point.
- Reauthorize OSHA for less than the basic five-year period of the zero-base review process, thereby providing for more frequent congressional scrutiny of the way the job safety and health program is being implemented.
- Place a ceiling, which does not now exist, on the amount of money

that could be appropriated for OSHA in any given year.

- Decide to expand or contract OSHA authority to promulgate and enforce job safety and health standards, or make other changes in the basic OSHA legislation.

- Refuse to authorize further funds for the agency, ending OSHA's existence.

Excluded from the process

The same general approach would apply to other agencies.

Not every federal agency or program would be subjected to the zero-base budget process. The specific exclusions would be determined through the legislative process putting zero-base budgeting into effect. That could be one of the more controversial aspects of the debate over the new fiscal process.

For example, the bill approved by the Senate Committee on Government Operations would exclude interest on the national debt, Social Security and other retirement programs, and some health functions.

Congressional backers of the zero-base approach view it as a logical complement to the Congressional Budget Reform Act passed in 1974 and now in full effect.

That legislation provided for congressional consideration of the federal budget in terms of total spending, total tax revenues, and the size of the deficit needed to bridge the gap.

While such a procedure might not seem earthshaking to business people, for whom balance sheets are a way of life, it was a major departure for Congress. For more than 100 years, Congress had enacted a dozen or more separate spending bills annually without regard to total spending or the amount of income available to finance the bills.

Unchecked abuses

Sen. Edmund S. Muskie (D.-Maine), chairman of the Senate Budget Committee and of the Senate Government Operations subcommittee handling the zero-base plan, says that "budget reform has given us the vehicle for a positive affirmation of our national priorities in the broadest sense, as they are articulated in the federal budget."

"What we need now is a vehicle for exercising greater control over

the thousands of individual programs which make up that budget—and which constitute the building blocks of national priorities.

"As evidence of that need, I point to the recent investigation into the Medicaid program, a permanent program which costs many billions of dollars every year.

"The investigation documented clear and pervasive abuses in the program. But since the program is permanent, there is no sure, inevita-

"The
business
community has
long advocated the
zero-base approach... for
taking a hard look at
what taxpayers are,
or are not, getting
for their
money."

ble opportunity for legislative follow-up.

"Sunset would give us the ideal opportunity for such follow-up."

At cross-purposes

Rep. Brock Adams (D.-Wash.), chairman of the House Budget Committee, says of the zero-base budgeting concept:

"It is now widely recognized that many of our existing programs simply have outlived their usefulness, work at cross-purposes with recently enacted programs, or are merely duplicative of other activities. A systematic review process which can result in the termination of such programs is long overdue."

Arnold Weber, dean of the Graduate School of Industrial Administration at Carnegie-Mellon University, who has held several high federal posts, puts it this way:

"When I was associate director of the Office of Management and Budget, we always used to say the budget process was a fight of the parts against the whole, and the

parts always won. To some extent, that describes the current situation.

"It seems to me that the earlier budget reform act tried to deal with the notion of the whole having priority over the parts, and this legislation logically is an effort to deal with the parts to make them consistent with the whole."

Too much to handle?

Despite the wide support for zero-base budgeting, some serious questions have been raised, and they will have to be dealt with during congressional consideration of a change in the budgeting procedure.

One argument of the opposition is that Congress already has more business than it can properly handle, and that zero-base budgeting would involve a staggering additional work load.

Replies Sen. Muskie: "This concern is a sad commentary on the state of affairs in the federal government." Implied, he says, is that Congress has created so many programs that they cannot possibly be reviewed "on any systematic basis."

He adds, however, that concern about taking on too much was one reason why the Senate committee legislation set a five-year cycle for reviews of agencies, rather than the four years in a similar House bill.

The senator concedes that there will be an additional work load, but he says it will be manageable. "More importantly," he says, "it is necessary."

The tax expenditure issue

A significant question from the standpoint of the business community is that of including so-called tax expenditures in the zero-base process.

The term tax expenditure has become popular of late, particularly among liberals in Congress. The term refers to various exemptions and deductions Congress has placed in the tax laws over the years for individuals and for businesses. The amount that the federal treasury would collect if a particular exemption or deduction were not in effect is labeled a tax expenditure.

Some proponents of zero-base budgeting say the same review approach should be taken to tax expenditures.

While endorsing the zero-base concept for use in reducing waste and



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duplication in the federal budget, business leaders do not believe that concept is applicable to the tax code.

Dr. Richard L. Lesher, president of the Chamber of Commerce of the United States, told a House Budget Committee task force on the budget process:

"The tax expenditure concept presupposes that the federal government owns the taxpayer's income and, by not taking it all, is giving the taxpayer some sort of grant or subsidy. We do not agree with this concept.

"A zero-base review of the deductions, exclusions, credits, exemptions, and deferral provisions of the tax law would necessarily have to be tied into a review of the basic tax structure, which is not within the scope of a four or five-year zero-base review process.

"It must be apparent that the Ways and Means Committee . . . could not possibly review one fourth or even one fifth of the Internal Revenue Code each year. . . .

"Were the provisions of the Internal Revenue Code scheduled to terminate every five years, it would have a pronounced impact on individual and business planning and could prompt serious difficulties for the economy. The continuity of the tax law is a necessary ingredient in business planning; zero-base tax expenditures could present perpetual uncertainty for the business planner."

Each on its merits

Applying the zero-base idea to spending programs is another matter, Dr. Lesher said.

Zero-base budgeting, he told the Senate Intergovernmental Relations subcommittee, "will make every program stand on its own merits. It will provide basic information for rearrangement of program priorities. It will provide a long-overdue process for identifying and consolidating or eliminating many government programs that duplicate or overlap each other."

Dr. Lesher summed up: "The American people as a whole want Congress to set priorities for federal spending in order to slow the growth of spending." □

REPRINTS of this article are available from *Nation's Business*. See page 74 for details.

6 Steps to Effective Decision-Making

BY JOHN D. ARNOLD

EVERY MOMENT of our waking life reflects past decisions. With a lifetime of decisions behind us, you would think we would be expert at making them. Yet this is rarely the case. For decision-making, unlike other skills, does not necessarily improve with repetition.

Without a coherent approach, nearly every decision may turn out to be a major undertaking.

When faced with a particularly tough decision, we may feel paralyzed. Sometimes, it appears that there is no alternative; other times, we are overwhelmed by the number of options available to us.

The anxiety produced by the need for an effective decision may cloud our ability to think rationally. We may suffer from the illusion that we have no choice, that we cannot act. Yet the longer we postpone action, the harder it may become to implement any change at all.

Great rewards

The proper decisions can, of course, bring great rewards in the business world, both for companies and for individuals.

In working with numerous corporate managers, I have developed a system which helps make decision-making effective. The system, called applied synergistics, focuses on six decision-making building blocks.

These building blocks enable a person on a management team to define goals, develop a vision, and proceed methodically without anxiety toward potent decision-making. The six building blocks are:



DRAWING: CHARLES A. SUNN

1. The Why. Is a decision really necessary? Smoke out the real issues.

2. The Mission. What are you essentially trying to determine?

3. The Criteria. What do you wish to achieve, preserve, and avoid?

4. The Priorities. What are they? Which priorities are essential to your objectives?

5. The Scanning. Hunt for solutions that meet your criteria.

6. The Testing. Develop data and evaluate solutions.

To make a good decision, we must have a thorough understanding of the problem.

The why, building block No. 1, is the part of the decision-making process which makes the whole problem visible. Asking why a decision is necessary and listing your responses will help you crystallize the issues, bringing the hidden consequences to the surface.

Facing the truth

If there are things we do not want to admit to ourselves, we may not answer our own questions truthfully. Frequently, people who normally face up to things very well are unable to look at certain painful realities. This is where a why tool, which I call Is/Is Not, is especially effective.

The president of a well-known firm of consulting engineers had noted that one of his most capable young executives, a man who had just opened up the overseas division, was not happy. The young man had tried to talk to the president about the fact that the nature of the firm was changing, but the president had cut him off. Sensitive about this subject, the president had fabricated his own version of what was bothering this young executive.

He called the young engineer into his office and said: "I have noticed that you are looking preoccupied, and I am concerned. I want you to know that we appreciate your fine work, and despite the fact that you

received a 15 percent merit increase just five months ago, we are giving you another ten percent increase.

"I hope this shows our faith in you and conveys to your wife our appreciation of how difficult it must be, with you traveling so much and working so hard."

Within three months, despite the raise, the young man left the firm.

What was wrong

If the president had smoked out the issues, using the Is/Is Not approach, the conversation might have gone something like this:

(Is Not.) "The problem is not that you are working too hard?"

(Is.) "No. I'm working hard, but it is no problem."

(Is Not.) "The problem is not that you are away from home too much?"

(Is.) "No. I'm away from home, but my wife understands and knows it is only temporary."

(Is Not.) "The problem is not that we haven't rewarded you well enough financially?"

(Is.) "No, you have been very fair."

(Is Not.) "The problem is not that the nature of your work has been changing as the company has grown?"

(Is.) "No, it is that the nature of the company has been changing as my work has grown."

What troubled the young engineer was a feeling that the firm was losing its original character, its zest for innovation, and even some of its integrity.

In effect, the president had chosen to try to buy off this idealistic young man. He was trying to purchase a yes-man.

The president had assumed he knew the root of the trouble. Lacking an objective process or impartial sounding board to help him think the problem through, he had been unable to analyze the problem effectively.

Stating the mission

Building block No. 2, stating the mission, is the most critical step in the decision process.

If you do not know where you are going, how can you hope to get there? A conscious determination of the mission is frequently omitted because it appears that the mission is obvious.

Yet I am continually discovering situations in business where the chief executive officer perceives a mission one way, a vice president perceives it another way, and lower-level executives perceive it still a third way.

In a recent study, I found that the president of a large manufacturing company viewed his vice president's mission as the achievement of manufacturing results to meet forecasts. The vice president saw his own mission as developing improved long and short-range manufacturing plans and then ensuring their fulfillment. His subordinates viewed his mission as development of an operating plan and day-to-day direction of manufacturing activities. They resented this latter function, because they felt it left no room for their own initiative.

Before the study, the vice president gave highest priority to meeting his production schedule, second priority to living within the budget, and third priority to managing people. After the study, he decided that if



he provided a management climate in which his people could use more of their skills, he would get his necessary production at the right price. Results proved him correct.

Analyzing your role

In using building block No. 2, you should:

- Determine whether your mission is within your scope.

Is it within your power to control or at least influence? There is no point in selecting an impossible mission.

- State your mission broadly, not specifically.

As you broaden the mission, you broaden the number of possible solutions.

- In general, avoid formulating mission statements in terms of either-or or yes-no. Such limited alternatives tend to put blinders on you when you scan for possible solutions. "Determine the best type of job for me" is a better mission statement than "Should I take the offer from the X Co. or the Y Co.?"

Building block No. 3

The criteria for reaching a decision are determined by what we want to achieve, preserve, and avoid. This is building block No. 3.

A young businessman who had taken on the affairs of his aging aunt in Long Island needed to sell her house to cover the rising costs of her nursing home care. The only offer he received on the house was lower than its worth, and the buyer asked him to hold the mortgage. Should he sell at the distress price, hold out for a higher price, or rent the house?

Applying the achieve-preserve-avoid formula, he concluded that he wished to:

Achieve: A feeling of having fulfilled his responsibility to his aunt, ensured adequate lifetime income for her, and freed her from worry and excessive responsibility at minimum risk and with quick action.

Preserve: His aunt's continued residence in the nurs-

ing home or its equivalent, and the current equi-
her house.

Avoid: Selling at a distress price which would produce sufficient income for his aunt's care, the possibility of vandalism the longer the house remained unoccupied, and paying excessive sales commissions.

The next steps

Once these criteria have been set, the decision-making process is the applying block No. 4: Determining your

What are your absolute requirements?

In the aunt's case, her continued nursing home was essential, as was pay for her care. After determining and weighting each criterion on a scale ranging downward from minimum risk, ample, he gave a rating of four to commissions.

When the reason for a decision has been set, the mission stated, criteria formulated, set, building block No. 5 may be applied.

That step is scanning for solutions. In the case of the young businessman and his aunt, they developed several options:

He could accept the buyer's offer and hold the house.

He could reject the offer and wait for a better one.

He could make the buyer a counteroffer.

He could rent the house or move into it himself.

The young man also came up with two previously unrecognized choices: Donating the house to a charitable institution in return for an annuity, or investigating government assistance for his aunt.

Scanning the solutions

Another example of scanning is the case of a results-oriented executive who found himself in trouble.

This man was hand-picked from outside to be presi-

rate them?

Which was the new president to do and why. ... reviewing his options and problems, he gave himself a 90-day limit within which to achieve a positive working relationship with these executives.

Winning subordinates over

One of the president's first insights was that these neglected executives were indeed just that; they had never previously been allowed to exercise real power. Thus, one of his first steps was to dispense with wagon-wheel meetings, dominated by one person at the hub who communicated with subordinates sitting at the end of each spoke.

The president introduced the applied synergetics, or cooperative, approach into one-to-one relationships with subordinates and into group sessions.

He used the six-building-blocks process to help his team develop a common vision and to crystallize team members' thinking more rapidly on issues. Management teams trained in the building-block approach typically develop more innovative solutions than any one executive working by himself.

The president's basic mandate to each executive was this: "If your ideas win my approval, I will deliver the board chairman's approval. Win with me, and you will get approval for your plan. If I cannot deliver the chairman's approval after I have given my own, I do



Stymied on decision

deserve to be president and you will see my resignation." To date, the company has had four consecutive years of improved earnings.

Building block No. 6

Final building block, testing and contrasting, also scrutinize and rate each solution against the criteria. It is, in fact, the moment of truth. Take a "troubleshoot." Ask yourself what could possibly go wrong and develop preventive measures.

An outside professional consultant may be hired to help you or for your management team. Take as many precautions as possible, says Arnold, saying: "Everything that begins with a question mark ends with an exclamation point."

Arnold, vice officer of a large automotive company, expressed reservations about a proposed advertising campaign which sought to associate automotive parts with taxicabs. He realized the public image of taxis was poor, and he was wary of associating taxis with his company's products. "It was unappealing," he says.

Fresh look

Using the building-block strategy, the chief executive officer suggested that the ad campaign be freshly "troubleshooted."

"Pay no attention to my personal feelings," he told the company's marketing department. "Troubleshoot to discover everything that could go wrong. Determine how you will assure the executive committee that the worst will not happen before you make a recommendation to the committee."

The marketing force did just that. Applying the six building blocks, the marketing department demonstrated that the public would be impressed by auto parts that could stand up under the stress of taxi use. The department added more stringent requirements to the testing of products to forestall any counterclaims of unfair testing.

Presented with the new data, the executive committee approved the advertising campaign.

Parts failure during the test on taxicabs was only one tenth of one percent. The campaign turned out to be one of the most successful ever run by the firm.

A lifetime tool

The six-building-blocks process is a lifetime tool. It provides you with a way to solve problems that may appear to defy solution. These issues may range from a potential divorce or the loss of a child's love to a personal career crisis or a major business decision.

When used by an organization, task force, committee, or any other group, this approach makes it easier to develop group commitment and to form common goals. By applying this process to decision-making, the group can significantly increase its skills at solving problems and rapidly shrink the time required to achieve results. ☐

MR. ARNOLD is president and founder of Applied Synergetics, Inc., a Waltham, Mass., management consulting firm. Reprints of this article are available from *Nation's Business*. See box at left for details.

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Ed Knetzger,
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Dick Ross,
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Mr. Kilpatrick is wrong when he says a family's right to free exercise of religion is diminished when tax funds are denied to religious-oriented schools that the family's children attend.

The First Amendment guarantees freedom of speech, but the government is under no obligation to hire a hall or buy television time for an individual wanting to express opinions. So it is with education.

Instead of publishing articles like Mr. Kilpatrick's, I would hope that NATION'S BUSINESS would strongly affirm a principle that has been a major factor contributing to America's uniqueness. The separation of church and state has been good for both church and state for 200 years.

WILLIAM J. MONTGOMERY
Pastor
First Baptist Church
Columbus, Ohio

Steelman's role

Your report in "Panorama of the Nation's Business" [September] on

how the Great Lakes shipping season has been extended failed to note the major contribution of C. F. Beukema, vice president and general manager for raw materials and lake shipping operations of U. S. Steel Corp.

Mr. Beukema was the mover and shaker behind early efforts to continue shipping into the winter months. He committed U. S. Steel's fleet to the 1971-72 extension plan when none of the other major fleet operators was willing to take the risk.

PAUL A. JONES
Senior Vice President
Kimberly-Clark Corp.
Neenah, Wis.

Investor protection

Re your "Executive Trends" item, "A Corporation Designed to Guard Investors" [August].

As an investor, I have been a client of several firms that have undergone liquidation by the Securities Investor Protection Corp.

You failed to mention that, while

SPIC does get stock back for an investor, it is not an overnight thing. I have had to wait from six months to a year and a half for a stock certificate. In all cases, the stock was worth considerably less when I received the certificate than it was at the time the broker/dealer went bankrupt. I could not sell the stock during the time I was awaiting its return. I could only watch helplessly as the value of my holdings went down.

The item also states that, in some cases, the investor "may have to take money equal to the stock's value at the time the firm failed." On a historical basis, an investor would be better off with cash, particularly in the case of over-the-counter stocks. That would be a positive result rather than the negative one implied in your article.

CHARLES D. LOWENSTEIN
President
Investment Training Institute, Inc.
Atlanta, Ga.

Management-employee gap?

In your "Lessons of Leadership" article, "Route to Profits in a Tough Business" [September], Robert Six expounds on the philosophy that has made him very successful.

At the same time, he shows that, like many other high-level managers, he does not understand certain attitudes of his employees at the customer-contact level, where the success or failure of a consumer-oriented business is determined.

He speaks of a new breed of pilot and flight attendant whose wage demands are proving difficult for the company.

Those employees are really only reflecting the policy of their own boss. Robert Six is the highest-salaried airline president in the country. If he can expect and receive the salary he does, the people who work for him probably feel they are worth the salary they demand.

Like other top managers, Mr. Six, when he wants to get out and meet the troops, has a tendency to meet with employees of varying authority levels. Little people are not going to speak frankly to high-level executives when their own bosses are present. The sad part is that those little people often understand company problems better than their im-

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Nation's Business

mediate bosses, because the front-line troops make daily contact with the company's customers.

Mr. Six points out that he considers himself both an employee and a stockholder of Continental. He fails to realize that outlook is the real reason why so many companies have such poor employee esprit de corps. The higher-ups always have large stock holdings, but the lower-level employees work only for a weekly wage and are never really encouraged to invest in the company they work for. When you own a piece of the action, then you really want the company to succeed.

BURTON T. DAWKINS
President
Arian Investment Corp.
Pineville, La.

Von Braun on energy

I agree with most of Dr. Wernher von Braun's concepts expressed in "Energy: A Space Scientist's Solution" [September].

I must take exception, however, to his statement that "we are getting close to 250,000 kilowatts of electrical power from a geothermal plant in Sonoma County, Calif.," and that geothermal energy will produce enough power by 1980 to meet the needs of a city the size of San Francisco.

The Geyser geothermal field to which he is referring is now producing more than 500,000 kilowatts of electrical energy, with another 100,000 kilowatts to be added as soon as county and state officials release it. In the near future, 200,000 additional kilowatts will be available, for a total of 800,000.

This is more than ample electrical power to supply the needs of a city the size of San Francisco, and this is 1976, not 14 years from now.

EDWARD G. SCHEMPF
Exploration Associates
Tulsa, Okla.

[Editor's Note: Pacific Gas & Electric Co., which distributes power from the Geyser geothermal plant, reports that current production is 502,000 kilowatts, while San Francisco's needs are close to one million kilowatts. Under present expansion plans, the West Coast public utility says that output will exceed 900,000 kilowatts by 1980, roughly equivalent to the amount of electricity required to supply San Francisco.]

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How Puerto Rico offers manufacturers an opportunity to make greater profits

by Robert R. Nathan

Economist Robert R. Nathan tells how Puerto Rico offers manufacturers 100% tax exemption. And how the island helps turn that tax exemption into solid profits.

Read his analysis of profit opportunity in Puerto Rico. Then mail the coupon below for more details.

"Over the past 25 years, I have worked with more than 30 developing countries on every continent on earth.

"I have seen countries where the supply of raw materials is abundant. In spite of all this, many of these countries are terribly poor and making little economic headway.

"On the other hand, I have seen countries with limited raw materials, where the pace of development is highly impressive.

"The island of Puerto Rico is that kind of land.

"Much of its success is the direct result of the economic inducements offered by Operation Bootstrap. That is Puerto Rico's name for one of the most effective programs of economic self-help devised in the 20th century. It is aimed at providing an increasing number of jobs and higher levels of income and well-being for the Puerto Rican people.

100% tax exemption

"Under a unique compact of permanent union with the United States, there are no Federal taxes on businesses operating in Puerto Rico.

"In addition, under Operation Bootstrap qualified manufacturers pay



Robert R. Nathan, member of the TIME, Inc. Board of Economists, has served as economic advisor to the United States and more than 30 other nations.

no Commonwealth taxes in Puerto Rico—no corporate income, property, municipal taxes or license fees for ten to 30 years depending on plant location. *Puerto Rico is the only place under the U.S. flag to offer industry total tax exemption.*

Environment for profit

"Puerto Rico's leaders understand full well that the island must afford favorable profit prospects because, without profits, the 100% tax exemption will be meaningless.

"Operation Bootstrap ensures:

1. A highly stable political environment.
2. A labor force of increasingly skilled, efficient and dependable workers—with low absenteeism and job turnover.
3. High productivity. Worker efficiency in Puerto Rico compares favorably with other manufacturing areas. Also, wage levels continue to be substantially lower than on the United States mainland.
4. A growing indigenous supply of able management.

5. Unrestricted trade between the U.S. mainland and Puerto Rico.

6. Many bilingual workers.

7. A wide range of cost-saving incentives not found in most new industrial areas. The government will make plant sites available at reasonable terms if the new investor wants to confine his initial investment to equipment and materials. It will also provide training funds, especially if plants are located outside the island's concentrated centers.

Seeing is believing

"There is no substitute for a visit to Puerto Rico to get a feel of those forces which have contributed to the island's economic, social and cultural success.

"For those looking for new outlets for their capital and for new plant locations, Puerto Rico is well worth a good, hard look."

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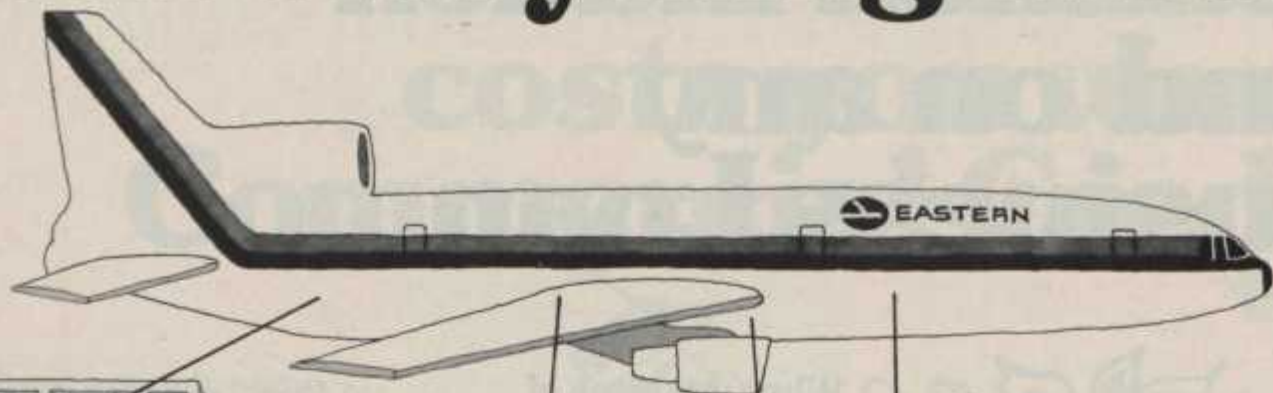
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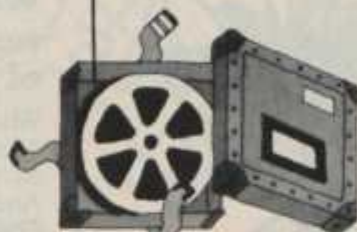
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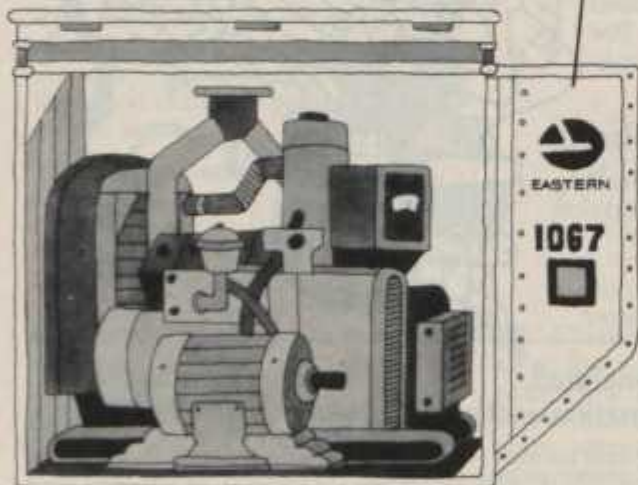
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The High Price of Full Employment Legislation

Research indicates that the nation would pay heavily in increased living costs to achieve the low unemployment goal of the Humphrey-Hawkins bill

BY DR. LACY H. HUNT

PRIOR to and during the presidential election campaign, many economic proposals were put forth for the voters' consideration. By far the most ambitious and controversial was the plan for governmental action to reduce the unemployment rate among adults in the labor force to three percent or less by 1980. Such action would be mandated by the Humphrey-Hawkins bill, which is to come before the next session of Congress.

On the surface, any plan for full employment has big voter appeal. Virtually all Americans would like to minimize unemployment and the suffering it brings.

A look at the record

However, evaluation of a specific proposal should take into consideration the potentially adverse effects of measures required to gear up the economy to the point of full employment. In the case of the three percent adult unemployment goal, the historical record indicates that the inflationary side effects of economic stimulation by the government would be intolerable.

To analyze the costs of full-employment legislation now before Con-

gress, I examined, first, trends in the adult unemployment rate from 1948 through 1976 and, second, the relationship between changes in the inflation rate and the adult unemployment rate over past business cycles. The objective was to learn whether declines in adult unemployment

usually coincide with acceleration in inflation and vice versa.

How often has the annual adult unemployment rate been held at three percent or less? The rate was that low in only seven years out of the past 27—1951 through 1953 and 1966 through 1969. These periods were hardly normal. The first was in the Korean war era, and the second was in the Vietnam war era.

There has been no peacetime year since 1949 in which the adult unemployment rate averaged less than three percent. Even the four percent level has been pierced in only five additional years—1955 through 1957, 1965, and 1973.

Of course, 1965 was also during the Vietnam conflict, and the years 1955-57 and 1973 were periods of accelerating inflation. Although inflation was far less rapid in 1955-57 than in 1973, the rise in prices then was fast enough to spur a severe business recession in the latter half of 1957 and in early 1958. In 1973, wholesale prices rose by slightly more than 13 percent, and consumer prices advanced at close to a double-digit pace.

This record shows that:

- A three percent adult unem-



Dr. Hunt, an economist, is a vice president of Fidelcor, Inc., a firm whose principal subsidiary is Fidelity Bank of Philadelphia.

ployment rate was achieved only during war periods when the buildup of armed forces personnel was detracting from civilian labor force growth and government spending was adding to total demand.

- Less than four percent adult unemployment did sometimes prevail in peacetime, but it always coincided with relatively rapid increases in the inflation rate.

A trade-off?

Has there been a trade-off between adult unemployment and the inflation rate? The economic theory that supports the idea of such a trade-off is straightforward:

- As the unemployment rate declines, typically in response to strengthening aggregate demand, labor markets tighten and wage demands rise more rapidly. In the case of adoption of the Humphrey-Hawkins bill, this surge in demand would stem from increased government spending, a larger budget deficit, and greater monetary stimulation.

- While wage rates are rising, moreover, the least productive employees are being drawn into the labor force, reinforcing upward pressures on unit labor costs.

- Simultaneously, greater use of labor resources typically coincides with fuller use of plant and machinery. As the oldest and most inefficient productive capacity is utilized, productivity is diminished further.

- And since the greater utilization of labor and plant usually occurs at a time of rapidly rising aggregate demand, bottlenecks and shortages materialize. Declining productivity, rising wage rates, and excess demand are the main ingredients of price inflation.

- Conversely, a rise in unemployment leads to a moderation in wage demands, an increase in productivity, reduced capacity constraints, and a slower increase in prices.

What the data show

The trade-off between unemployment and inflation that is suggested by logic is certainly confirmed by the historical data.

For example, during the economic expansion of 1954-57, the adult unemployment rate declined two percentage points while the inflation rate rose eight percentage points. Then, as a consequence of the 1957-

58 recession, the adult unemployment rate rose 3.3 percentage points while the inflation rate declined 5.5 percentage points.

In the 1958-60 expansion, the adult unemployment rate declined 2.3 percentage points while the inflation rate increased 2.8 percentage points. In the recession that followed, the adult unemployment rate rose 1.8 percentage points while the inflation rate declined 2.8 percentage points.

Then, in the long expansion from 1961 to 1969, the adult unemployment-

In no peacetime year since 1949 has the adult unemployment rate averaged less than three percent.

ment rate declined 3.7 percentage points while the inflation rate increased 6.9 percentage points.

In the mild recession of 1970, the adult unemployment rate rose 2.3 percentage points as the inflation rate fell 4.6 percentage points.

During the expansion of 1971-73, the adult unemployment rate declined 1.1 percentage points and the inflation rate increased 10.7 percentage points.

The 1973-75 business recession produced a 3.7 percentage point rise in the unemployment rate with a 9.1 percentage point decline in the inflation rate.

Trade-off becomes steeper

Obviously, the trade-off has tended to become more severe in recent years, with inflation increasing in good times at a greater rate, compared to the rate of decrease in unemployment, than in the past. This steeper trade-off is related to cyclical and structural factors.

Wage demands accelerate as labor markets firm up, but the reverse no longer seems to happen during periods of rising unemployment. During the severe recession of 1973-75, when unemployment reached the highest level of the post-World War II period, wage demands continued rising rapidly.

The labor markets also seem to be more insensitive to structural changes. For example, with the population leveling off and the birthrate down, basic demand for teachers has entered an extended period of decline. Nevertheless, teachers have continued to gain extremely large wage increases. As another example, employment in the automobile industry is now well below previous peak levels, but still the auto workers' wage demands have risen quite rapidly.

A look at the future

The persistent trade-off between the adult unemployment rate and the inflation rate indicated by economic data is an unfortunate fact that many might prefer to overlook. Nevertheless, it is a fact that must be considered when judging the economic impact of full employment proposals.

For instance, on the basis of the past, we can estimate the potential cost, in terms of inflation, of reducing the adult unemployment rate to three percent. First, average the cyclical declines in adult unemployment that occurred from 1954 to 1957, from 1958 to 1960, from 1961 to 1969, and from 1971 to 1973. Then, average the comparable accelerations in inflation that occurred in the corresponding cyclical phases. We find that each decline of one percentage point in the adult unemployment rate coincided with an increase of three percentage points, on average, in the inflation rate.

During the cyclical expansion of 1958-1960, when the mildest trade-off was evident, each decline of one percentage point in the unemployment rate resulted in a 1.2 percentage point rise in the inflation rate.

Therefore, assuming even the most favorable of the historical trade-offs, a reduction in the adult unemployment rate from its recent 6.5 percent level to three percent would coincide with an increase of more than three percentage points in the inflation rate, which has been running at more than six percent. The economy then would have a basic inflation rate of more than nine percent by the time it reached full employment.

But that would be a bare minimum. The overall historical record suggests that inflation actually would rage at a much higher rate. □

It's still a jungle out there . . . and business as usual is no way to run a business.

How to protect yourself against the danger of climbing sales.

Remember . . . a sale isn't a sale until you get paid.

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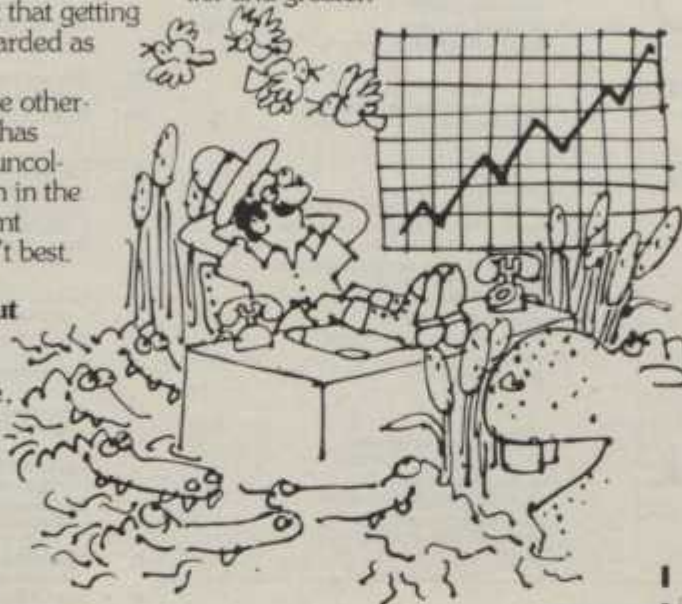
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3. If your sales are concentrated in a particular geographic area or a specific industry, beware—as a major supplier, your sales could drop drastically if changing econo-

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BUSINESS: A LOOK AHEAD

Many Firms Will Be Spared FTC Paperwork

The Federal Trade Commission plans to reduce the paperwork burden on small business by cutting the number of firms that are required to file balance sheets with the agency each quarter.

The agency is considering two proposals. Both would trim the number of smaller firms that must report quarterly. At the moment, FTC requires the information from 3,700 manufacturing concerns with assets in excess of \$10 million and from a rotating sample of about 7,500 smaller firms.

Under one proposal, the 7,500 sample would be reduced 50 percent across the board.

The other proposal would, for sampling purposes, establish categories: durables (lumber, furniture, stone-clay-glass, and miscellaneous) and nondurables (textiles, apparel, printing, rubber, and leather). The number of firms in these categories that must report quarterly would be reduced 75 percent. A third category would include food, fabricated metals, and machinery classifications. The number of firms in this category required to file quarterly statements would be reduced 50 percent.

Data from the quarterly reports is used by FTC to analyze the performance of industrial groupings. The Commerce Department uses the information in estimating national income and gross national product; the Treasury, to project corporate tax liability; and the Federal Reserve Board, to analyze the financial status of industry so credit and capital markets can be better regulated.

NASA Wants a Different SST and a Vertical Takeoff Craft

The National Aeronautics and Space Administration wants to begin developing now the airplane technology it says will be necessary in the last fifth of the 20th century.

Needed most in the 1980-2000 period, NASA says,

are an environmentally acceptable supersonic airliner and a quiet vertical takeoff and landing transport that would use close-to-town airports.

According to a recently completed NASA study on the future of aviation, the nation's presently available airports will be terribly congested in the 1980's, but the public will resist building new airports. Only about 20 percent of today's airports can handle jet transports.

Short takeoff and landing-type planes currently being developed could use 80 percent of existing fields. However, NASA thinks a vertical takeoff and landing craft would also be a tremendous asset. A VTOL, the agency says, could operate from ten-acre plots near downtowns.

As for supersonic craft, NASA envisions development of an airliner which would avoid the noise and pollution problems of the Concorde, the Anglo-French supersonic plane now in use in some places.

Sweeping Reforms Urged in Senate Committee System

The Senate next year will contemplate a sweeping reorganization of its committee system as a means of increasing senatorial efficiency.

A special panel, chaired by Sens. Adlai E. Stevenson III (D.-Ill.) and Bill Brock (R.-Tenn.), has recommended structural reforms to the Senate for consideration when the 95th Congress convenes in January.

The panel has urged consolidating the present 31 select, standing, special, and joint committees into 14 standing committees and one select committee. The standing committees would be: Agriculture and Small Business; Appropriations; Armed Services; Banking, Housing, and Urban Affairs; Budget; Commerce, Science, and Transportation; Energy and Natural Resources; Environment and Public Works; Finance; Governmental Affairs; Human Resources; Judiciary; Foreign Relations; and Rules, Administration, and Standards. The select committee would be Intelligence.

Small Business Agency Rapped on Conflict of Interest Issue

The General Accounting Office once again has rapped the Small Business Administration. This time, GAO has charged slipshod checking of possible conflicts of interest among SBA field office employees who make or influence decisions on assistance to businesses.

GAO found that many loan officers and other SBA employees were not filing statements on outside employment and financial interests because these statements were required only for employees at certain pay grade levels.

For example, some relatively low-ranking employees who were making decisions on loans of up to \$500,000 were not required to file statements, GAO reported.

The congressional investigating agency also found that SBA, which has a close relationship with banks in the granting of guaranteed and participatory loans, had not adopted rules laying out a specific policy on the ownership by SBA employees of stock in banks.

GAO recommended that any SBA employee who is allowed to participate in business aid decisions be required to file statements on outside employment and financial interests. Also recommended was a prohibition against any bank stock ownership by SBA employees who make or substantially influence decisions on SBA assistance.

SBA says it is in the process of correcting its regulations governing standards of conduct by such employees.

Federal Regulation Roster May Be a Bit More Readable

Here is good news for those who must, for business purposes, read and attempt to understand the "Federal Register." You may be able to understand that publication a little more easily one of these days.

The "Register," the first and last word for federal agencies, is published five days a week by the General Services Administration's National Archives and Records Service. All new regulations of any agency must be published in the "Register."

In an earlier attempt to make bureaucratic jargon easier to understand, the "Register" three years ago began requiring each agency to precede each new or proposed regulation published with a brief statement describing the regulation. The summaries are supposed to be written in language the layman can understand—something that many contend the regulations themselves are seldom written in.

Unfortunately, these summaries have not been much of an improvement. They often contain too lit-

tle information, and they come in a variety of formats which tend to puzzle and frustrate the reader.

Now, the "Register" proposes that, as of Jan. 1, every agency use the same format for the opening description of its new or proposed regulations.

And the "Register" wants to become just a bit snappier. Currently, each of these summaries is labeled "Preamble." The publication proposes that the label be changed to "Explanation."

Doubled Farm Productivity Seen Through Research and Education

Agricultural productivity could double within 50 years through greater investment in research and farmer education, says the Agriculture Department's Economic Research Service.

"Over the long pull, for every year's increase in the average schooling of farmers, we would see an annual gain in productivity of about 12 percent," says ERS economist Lu Yao Chi. The idea is that the more educated the farmer, the better he will be able to employ technological advances.

An ERS study lists three major research areas which could yield increased productivity: multiple births in beef cattle; use of natural and synthetic compounds which hasten ripening of crops and make them more suitable for mechanical harvesting; and techniques which speed up plants' protein-making to hasten growth rates.

Will the Taxpayers Finance Testimony by Ralph Nader?

The taxpayer may someday be paying Ralph Nader when he appears to testify before the Food and Drug Administration.

FDA is considering a proposal that it compensate public interest groups which participate in the regulatory agency's proceedings.

The compensation would be limited to reasonable attorney's fees, expert witness fees, and costs of participation.

FDA notes that increased attention has been given in recent years to "financial barriers to effective public participation" in proceedings before it. The agency says it needs diverse points of view in pondering rulings.

Suggestions are being solicited from the public as to what financial eligibility criteria should be adopted, what types of proceedings would qualify participants for compensation, and how to select from among various groups seeking to represent the public interest.

FDA also is considering whether a small business which wants to participate in a proceeding should be compensated. □

Citizen's Choice — A New Way to Be Heard in Washington

ELECTING public officials is only part of the political process. The next Congress and the President taking office in January will face issues and make decisions which will have a far-reaching effect upon the nation and upon the lives and work of all businessmen.

Every President and every member of Congress, to do a better job, must know how the people feel about the issues.

Millions of citizens, however, make little or no effort to get their views across to their elected representatives. Their attitude is: "What difference does it make? We are not heard anyway."

But you can be heard.

You can be heard effectively through a group that represents you. Specialized groups already represent various segments of society. Now there is an organization for the average taxpayer. It is Citizen's Choice, a broadly based action group headquartered in Washington and closely affiliated with the Chamber of Commerce of the United States.

Only individuals will be accepted for membership. The cost of membership is \$15 a year.

Citizen's Choice was formed with the encouragement of business leaders who want their companies' employees, shareholders, and retired people, as well as others, to have an effective voice in government decisions that involve economic and personal freedom.

Citizen's Choice will, in the words of its president, Richard L. Leshner, "provide a voice in

Washington for individual citizens and offer them the information they require to communicate effectively with their elected representatives" on such issues as high taxes, inflation, and excessive government controls.

Dr. Leshner is also president of the National Chamber. The chairman of Citizen's Choice is Jay VanAndel, chairman of Amway Corp.

In announcing the formation of Citizen's Choice, Mr. VanAndel said: "We have reached a time in our history when it is essential to make clear to Congress that America's productive taxpayers won't tolerate further interference in their economy or private lives."

This interference, he said, "threatens our prosperity, our personal opportunities, and our free society itself."

Citizen's Choice has announced a series of initial legislative goals. It wants laws passed that would:

- Require federal agencies, at fixed intervals, to justify their existence or be abolished.
- Assure pilot-testing of proposed major federal spending programs before they are fully implemented.
- Require analysis of proposed government regulations on a cost-benefit basis.
- Restrict food stamps to people with incomes below the poverty line.
- Ban strikes by public employees.

In each case, the taxpaying public would be the beneficiary. □

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